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NEWS RELEASE

For Immediate Release

April 23, 2020

Financial Literacy Tip of the Week

Dealing with Medical Debt Collections

Boise, Idaho . . . Whether anticipated or unexpected, medical bills can be a great source of anxiety for consumers. This may be compounded if a payment is missed and the medical bill becomes past due. Commonly an account goes into collections after 90 to 180 days of non-payment. At this point the original company owed may assign or sell the debt to a collection agency, or write-off the balance. If you receive a call or notice that an alleged medical debt is in collections, **consider your rights** before proceeding.

Verify the debt is valid

If you receive a call or letter from a collection agency regarding a debt that you do not understand, or you think may be invalid, the most crucial step you can take is request that the collector send **validation** or proof of the debt. Under the federal Fair Debt Collections Practice Act, if you dispute the debt within 30 days from the first date of contact by the collector, they are required to cease collection activity on the account until the validation has been provided.

Review the validation to confirm the charges are legitimate. If a debt is valid, try to negotiate a payment arrangement with the creditor and **get it in writing**. If you dispute the debt, contact the collection agency and notify them of your dispute.

Determine if further steps are needed

If you do not receive a requested validation, or a debt collector does not acknowledge your dispute, contact the Idaho Department of Finance to **file a complaint**. Be sure to report any prohibited collection tactics such as intimidation or false threats. Also, Idaho requires debt collectors maintain a license in order to conduct business with Idaho consumers. Notify the Department if you receive calls from an unlicensed debt collector.

If a collector files a lawsuit against you, be sure to respond to any summons by the date specified on the court papers to preserve your rights.

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Avoid falling prey to predatory debt settlement companies

Credit counseling, debt management, and debt settlement service providers are also required to be licensed in Idaho and the amount fees that these service providers may charge is regulated by the Department. Watch out for companies that charge upfront “servicing” fees before any services are rendered. These fees may be prohibited and can add up quickly, often leaving consumers with just as much debt as they had originally.

Red flags to watch for include companies that instruct customers to stop communicating with their creditors, require fees be paid prior to performing the services, and advertising a “one size fits all” approach to settle your debt at a single promised interest rate reduction.

Additional information regarding filing a complaint against a debt collector may be found on the FDIC’s website or on **the Department’s website, at finance.idaho.gov**.

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Department of Finance Press Releases and other information can be found on the Internet at <http://finance.idaho.gov> and may be obtained by contacting the department at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.