

March 16, 2023

The Honorable Lloyd J. Austin III
Secretary of Defense
United States Department of Defense
1000 Defense Pentagon
Washington, D.C. 20301

Dear Secretary Austin:

I am writing today to request information from the Department of Defense (DOD or the Department) about any efforts to implement the Consumer Financial Protection Bureau's (CFPB) recommendations from their Office of Servicemember Affairs Annual Report to address financial concerns confronting servicemembers and their families.¹ The report outlines the many challenges servicemembers face as a result of inaccuracies in credit reporting and medical debt collection.² It is unclear whether and to what extent DoD has acted on these recommendations to protect servicemembers and their families.

Medical debt continues to be a pressing issue for millions of Americans. Roughly 100 million people owe medical debt, approximately 41 percent of adults.³ No one plans to take out medical debt, and in fact about 66 percent of all medical debt comes from one-time or short-term medical expenses.⁴ This shouldn't be surprising because 32 percent of adults said they would not have \$400 to cover an unexpected expense.⁵ Further, Black and Latino Americans are disproportionately affected by medical debt compared to their white counterparts. According to the CFPB, 28 percent of Black families and 22 percent of Hispanic families reported medical debt, compared to 17 percent of white families.⁶ These debts can contribute to poor health outcomes, as people with medical debt may be more likely to avoid or delay medical care,⁷ and

¹ Consumer Financial Protection Bureau, "Office of Servicemember Affairs Annual Report," press release, June 2022, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-report-highlights-experiences-of-military-families-with-medical-billing-credit-reporting-and-debt-collection/>.

² Consumer Financial Protection Bureau, "Office of Servicemember Affairs Annual Report," June 2022, pp. 2-4, https://files.consumerfinance.gov/f/documents/cfpb_osa-annual-report-2021.pdf.

³ Kaiser Health News, "100 Million People in America are Saddled with Health Care Debt," Noam N. Levey, June 16, 2022, <https://khn.org/news/article/diagnosis-debt-investigation-100-million-americans-hidden-medical-debt/>.

⁴ Henry J. Kaiser Family Foundation, "The Burden of Medical Debt: Results from the Kaiser Family Foundation/New York Times Medical Bills Survey," Liz Hamel, Mira Norton, Karen Pollitz, Larry Levitt, Gary Claxton and Mollyann Brodie, p. 3, <https://www.kff.org/wp-content/uploads/2016/01/8806-the-burden-of-medical-debt-results-from-the-kaiser-family-foundation-new-york-times-medical-bills-survey.pdf>.

⁵ Federal Reserve, "Economic Well-Being of U.S. Households," August 22, 2022, <https://www.federalreserve.gov/publications/2022-economic-well-being-of-us-households-in-2021-dealing-with-unexpected-expenses.htm>.

⁶ Consumer Financial Protection Bureau, "Medical Debt Burden in the United States," press release, February 2022, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-estimates-88-billion-in-medical-bills-on-credit-reports/>.

⁷ National Consumer Law Center, "The Racial Health and Wealth Gap," p. 6, <https://www.nclc.org/wp-content/uploads/2022/09/RacialHealth-Rpt-2022.pdf>.

can negatively affect individuals' credit scores and their ability to secure housing and career opportunities.⁸

The CFPB received over 5,000 complaints from servicemembers and their families about medical bills and debt between 2018 and 2021.⁹ Despite having health insurance through TRICARE, active duty servicemembers may incur medical debt due to billing problems between private medical providers and TRICARE, and potentially exacerbated by frequent servicemember relocations.¹⁰ These outstanding medicals debt can have severe consequences for servicemembers' career opportunities and could impact their ability to continue to serve.¹¹ While TRICARE covers services administered by civilian health providers to servicemembers and their families, these services can often lead to medical billing problems that result in sending improper debts to collection.¹² In 2021, 54 percent of servicemember's medical debt collection complaints were about attempts to collect debt that was not owed.¹³ One servicemember shared that "I was covered medically under Tricare Prime (Active Military Insurance) insurance and I provided this information at this time. Tricare was never billed by the provider. This is a provider error and has wrongfully been placed in collections."¹⁴ Another servicemember shared that an emergency room visit resulted in a surprise bill that negatively affected their credit score almost a year later:

I was seen in the ER at [hospital] in [location] and needed radiology services. Upon my arrival at the ER, I completed all the necessary insurance paperwork and provided my military ID to verify Tricare coverage. When I left the ER the same day I was provided more paperwork at check out which I completed. I received one bill from [company] in May of 2020 but there was no mention of them not having my Tricare information. I also received a bill from the hospital but that was paid by Tricare and so I assumed (which I should not have done) that the radiology bill was taken care of as well because I never received another bill. In February of 2021, three separate account numbers from the same day/service were submitted to collections and showed on my credit report which dropped it by more than 70 points.¹⁵

The CFPB also found that it is especially challenging for servicemembers to track medical billing notices and resolve any mistakes due to how often they need to relocate as part of their military service.¹⁶ Servicemembers are subject to frequent moves because of permanent change

⁸ Consumer Financial Protection Bureau, "Medical Debt Burden in the United States," February 2022, p. 2, https://files.consumerfinance.gov/f/documents/cfpb_medical-debt-burden-in-the-united-states_report_2022-03.pdf.

⁹ Consumer Financial Protection Bureau, "Office of Servicemember Affairs Annual Report," June 2022, p. 3, https://files.consumerfinance.gov/f/documents/cfpb_osa-annual-report-2021.pdf.

¹⁰ Consumer Financial Protection Bureau, "Office of Servicemember Affairs Annual Report," June 2022, p. 16, https://files.consumerfinance.gov/f/documents/cfpb_osa-annual-report-2021.pdf.

¹¹ Consumer Financial Protection Bureau, "Office of Servicemember Affairs Annual Report," June 2022, p. 3, https://files.consumerfinance.gov/f/documents/cfpb_osa-annual-report-2021.pdf.

¹² *Id.* p. 15.

¹³ *Id.*

¹⁴ *Id.* pp.15-16.

¹⁵ *Id.* p. 16.

¹⁶ Consumer Financial Protection Bureau, "Office of Servicemember Affairs Annual Report," June 2022, p. 16, https://files.consumerfinance.gov/f/documents/cfpb_osa-annual-report-2021.pdf.

of station,¹⁷ but this can set off a sequence of undelivered medical bills and missed payments that can result in damaged credit scores.¹⁸ One servicemember detailed their frustrating experience, where the debt collection agency “never reached out to me as they used an address I haven't lived in [for three years]. Nor did the[y] contact [the hospital] who had the correct address as we had been in touch.”¹⁹

Outstanding medical debt can have severe consequences for servicemembers, jeopardizing their job security or promotion eligibility.²⁰ Many servicemembers are subject to “detailed reviews of their credit history” to acquire or maintain security clearances and “[t]hese checks can occur at any time.”²¹ The CFPB report further revealed that servicemembers “feared the irreparable harm that negative credit reporting of incorrect medical bills could cause to their careers.”²² This leaves servicemembers particularly vulnerable to harmful debt collection practices as there have been reports of debt collectors even threatening to report servicemembers to their chain of command.²³

In addition, civilian medical debt may also affect enlistment. A recent report revealed that an Air Force applicant was prevented from enlisting due to outstanding hospital bills.²⁴ The military has stated that any debt could “raise questions about an individual's reliability, trustworthiness, and ability to protect classified or sensitive information.”²⁵ Yet according to the data from December 2022, only Space Force and the Marine Corps met their recruiting goal, leaving the Army, Navy, and Air Force falling short.²⁶

The CFPB has called for more robust data collection to better understand the scope of medical debt challenges faced by servicemembers and recruits, and recommends that private care providers and third-party billing agencies have adequate systems to submit and process

¹⁷ Military One Source, “Supporting Your Service Member and Their Family Before a Military Move,” <https://www.militaryonesource.mil/moving-pcs/plan-to-move/military-pcs-move-support-for-service-members/>.

¹⁸ Consumer Financial Protection Bureau, “Office of Servicemember Affairs Annual Report,” June 2022, p. 16, https://files.consumerfinance.gov/f/documents/cfpb_osa-annual-report-2021.pdf.

¹⁹ Consumer Financial Protection Bureau, “Office of Servicemember Affairs Annual Report,” June 2022, pp. 16-17, https://files.consumerfinance.gov/f/documents/cfpb_osa-annual-report-2021.pdf.

²⁰ Consumer Financial Protection Bureau, “WARNO: New security clearance guidelines make it more important than ever for servicemembers to monitor their credit,” Anthony Canilli and Joshua Friedman, August 20, 2018, <https://www.consumerfinance.gov/about-us/blog/warno-new-security-clearance-guidelines-make-it-more-important-ever-servicemembers-monitor-their-credit/>

²¹ Consumer Financial Protection Bureau, “Office of Servicemember Affairs Annual Report,” June 2022, p. 12, https://files.consumerfinance.gov/f/documents/cfpb_osa-annual-report-2021.pdf.

²² *Id.* p.3

²³ Consumer Financial Protection Bureau, “Written Testimony of James S. Rice, Assistant Director, Office of Servicemember Affairs, before the House Committee on Oversight and Reform Subcommittee on National Security,” July 13, 2022, <https://www.consumerfinance.gov/about-us/newsroom/written-testimony-of-james-s-rice-assistant-director-office-of-servicemember-affairs-before-the-house-committee-on-oversight-and-reform-subcommittee-on-national-security/>; National Consumer Law Center, “Servicemembers, Veterans, and Debt Collection,” <https://www.nclc.org/wp-content/uploads/2022/08/fact-sheet-servicemembers-and-debt-collection.pdf>.

²⁴ KHN, “An Air Force Career Held up Because of Debt Owed for Medical Bills,” Aneri Pattani, December 21, 2022, <https://khn.org/news/article/diagnosis-debt-investigation-military-service/>.

²⁵ Office of the Director of National Intelligence, “Security Executive Agent Directive 4,” June 8, 2017, p. 15, <https://www.dni.gov/files/NCSC/documents/Regulations/SEAD-4-Adjudicative-Guidelines-U.pdf>.

²⁶ Department of Defense, “Fiscal Year to Date 2023 – Active Components,” December 2022. [On File with the Office of Senator Warren].

TRICARE claims to ensure servicemembers are not billed incorrectly.²⁷ It is unclear what steps, if any, DoD has taken to implement the CFPB's recommendations. To better understand what steps DoD has taken since the report was released, we request a briefing and answers to the following questions no later than March 30, 2023:

1. Does DoD currently collect any data about the incidence of medical debt among servicemembers and their families?
 - a. If yes, what types of data does DoD collect and what do these data reveal about the extent of medical debt among servicemembers and their families?
 - i. What types of treatments did servicemembers or their families receive that led to medical debt?
 - ii. What types of providers did servicemembers or their families see that led to medical debt?
 - iii. Is DoD gathering data about the types of medical debt collection practices such as lawsuits, garnishing wages, and credit reporting?
 - b. If no, what would be required for DoD to begin collecting these data?
2. Does DoD consider medical debt when making hiring decisions or when considering promotions for servicemembers?
 - a. How many servicemembers have been denied promotions or a security clearance as a result of outstanding medical debt?
 - b. How many prospective servicemembers have been prevented from enlisting due to outstanding medical debt?
3. How has DoD engaged with medical providers or third-party billing companies to ensure medical claims for servicemembers insured through TRICARE are accurately processed?
 - a. What has DoD discovered about the extent of these problems and what steps has DoD taken to address them?
4. Does DoD provide any services to help servicemembers address these billing concerns?
 - a. Military personnel have access to free legal assistance, including for consumer issues.²⁸ Is this available to help servicemembers and their families address debt collection, including medical bills?

²⁷ Consumer Financial Protection Bureau, "Office of Servicemember Affairs Annual Report," June 2022, p. 22, https://files.consumerfinance.gov/f/documents/cfpb_osa-annual-report-2021.pdf.

²⁸ Military One Source, "12 Situations Where You Can Get Free Legal Help," October 20, 2021, <https://www.militaryonesource.mil/financial-legal/legal/12-situations-where-you-can-get-free-legal-help/>.

- i. If so, how many servicemembers and their families seek assistance for these issues?
 - b. Has DoD issued guidance to servicemembers and their families to ensure they are aware of potential billing concerns between TRICARE and private medical providers?
- 5. How many complaints has TRICARE received about billing concerns from private medical providers?
 - a. Are the complaints evenly distributed across different provider types and geographies?
 - b. How many of these complaints result in medical debt?
 - c. What steps does DoD take to ensure that servicemembers do not receive incorrect bills and that any missed payments for incorrect bills are not sent to collections?
- 6. Is DoD exploring effects to ensure that servicemembers and their families get mail regardless of where they are stationed?

Sincerely,



Elizabeth Warren
United States Senator