



Patient's age determines whether unpaid medical debt owed

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By Jeremy M. Simon

Dear Credit Score Report,

When our daughter was a student, living at home, she had dental work done and saw her dermatologist. It was my husband's intent to pay our daughter's medical expenses, but he lost his income and our home went into foreclosure. We also had a bankruptcy, and he did not include our daughter's medical bills because they were attached to her Social Security number. Long story short, he never finished paying her debts, these debts went to collection and are now dragging my daughter's credit score down. Is there anything she can do to fix this wrongdoing? Sincerely, Guilty Parent

Hey Guilty Parent,

I'll be giving you two answers this week, since the appropriate response depends on your daughter's age at the time those medical services were provided.

In your situation, the correct response depends on whether your daughter was a minor or an adult when she visited her doctors. Either way, the objective is the same: getting those collection accounts off her [credit report](#). According to [FICO](#), creator of the popular [credit score](#) that bears its name, collection accounts will damage your daughter's credit score. The extent of that damage, however, depends on your daughter's prior credit history. "If she had a relatively high FICO credit score -- somewhere in the upper 700s -- prior to the appearance of this medical debt on her credit report, she could expect to see a score drop of 100 points or more with the addition of this collection debt," says Barry Paperno, consumer operations manager for [myFICO.com](#). "Had her credit report already included other accounts with late payments and/or high credit card balances, she might experience a score drop of 50 points or so," he says via e-mail.

To prevent or minimize that damage, you'll need to first determine how old your daughter was at the time she received medical service.

Adult: If she was 18 years of age or older when she visited her doctors, your daughter may be responsible for that debt. In that case, she can choose to [work with the collection agencies](#) and repay the debt. "If she intends to pay off the bill, the best advice would be to negotiate a repayment plan with the collection agency and make it a condition of the agreement that the account will be removed from her credit report once it is fully paid," says Mark Rukavina, executive director of the Access Project, a nonprofit that works with communities to improve access to health care. "She should agree only to terms she will be able to pay and should also be encouraged to get this agreement in writing," Rukavina says.

Credit Score Report



Jeremy M. Simon covers credit scoring and other issues as a staff reporter for CreditCards.com.

According to collection agency trade association ACA International, some debt collectors may agree to remove these items once they are paid, although their preferred approach is to mark such accounts as paid and leave them on a borrower's credit reports for seven years. As for the impact on the borrower, [credit bureau](#) Experian says having an account marked "settled" is slightly better than not paying the debt at all, but it is still considered a negative item.

Your daughter may also want to [add a written statement](#) to her credit report. In this statement, she'll describe the situation (as you did in your e-mail) for any potential lenders or employers that review her credit history. "She has this right under the [Fair Credit Reporting Act](#)," Rukavina says. "In 100 words or less, she can explain why this account appears on her report, and once it is on file, the credit bureaus are required to provide the statement to any entity obtaining a copy of her credit report."

Should your daughter find herself unable to repay the debt, she will need to wait for her score to recover. "It's also important to keep in mind that negative items, such as late payments and collections, have their greatest impact on the score when they are first reported. Their impact diminishes over time," FICO's Paperno says. Negative items, such as those unpaid medical debts, will remain on her credit reports for seven years.

Minor: If she was a minor at the date of medical service, your daughter may not be liable for those unpaid debts. "The issue is a legal one for the lender, or in this case, the medical debt holder," says Rod Griffin, director of public education with credit bureau Experian. Contracts with minors typically are not legally valid, meaning that any debt accrued in the minor's name -- credit card debt, medical debt or otherwise -- is not the minor's responsibility.

If it's deemed that your daughter is not liable for repayment, "she should write a letter to the collection agency asking them to cease collection action," Rukavina says, adding that a copy of the letter can also be mailed to your state's attorney general. As part of the dispute process used to challenge credit report inaccuracies, also send your letter to the credit bureaus -- Equifax, Experian and TransUnion -- that maintain consumer credit reports.

With those letters, include copies of supporting documentation showing both your daughter's date of birth and when she received medical attention. Those documents should list the date of service and might include a doctor's bill or explanation of benefits from your health care provider.

Then you wait. Once the collection agency stops pursuing the debt and contacts the credit bureaus, the negative items should be removed from your daughter's credit reports. "If she disputes the information and the lender says to remove it, we will," says Experian's Griffin. What if the collection accounts remain? Then your daughter should [file a dispute](#) with those credit bureaus and collection agencies that continue to report her debts as unpaid.

Good luck!

--Jeremy

Jeremy M. Simon writes about credit scoring, economic data, credit card crime and other issues for CreditCards.com, where he has worked since June 2006. He is based in Austin, Texas. He is a graduate of Vassar College and has previously worked for Thomson Financial in New York City, where he wrote about the stock markets, and Texas Monthly, as well as several publications in Austin.