



ALASKA PUBLIC INTEREST ✦ RESEARCH GROUP

May 6, 2025

Re: questions from Representative Carrick from HB 178 hearing in House Labor & Commerce

Representative Carrick,

Thank you for your questions during the hearing in House Labor & Commerce for HB 178, a bill that would remove information about medical debts from Alaskans' credit reports.

You asked about how medical debt differs from other loan debt, specifically student loan debt, as a predictor of financial reliability. Below I'll cite research that illustrates the different predictive quality of student loan debt compared to medical debt.

In 2023, a comprehensive [study](#)¹ by the University of California's Student Loan Law Initiative found that having **student loan** debt not only correlates to— but causes— real financial distress, especially among low income borrowers.

Conversely, a [study](#)² by the National Bureau of Economic Researchers, published in April 2025, found that the information on **medical debt** that's provided by medical debt collectors to credit reporting agencies does not correlate to future financial hardship. The relationship between medical debt and other financial distress is nearly random, indicating that the predictive value of credit reports may improve when the “noisy” information from medical debt is removed. This research confirmed findings by the Consumer Financial Protection Bureau in 2014.

Notably, the NBER study also confirmed that neither medical debt under \$500 or over \$500 is predictive of credit risk. Credit reporting agencies began voluntarily removing medical debt valued under \$500 from credit reports in 2023 after facing significant scrutiny from industry researchers. However, they continue to fight to include medical debts over \$500 on credit

¹Sultana Fouzia, Marshall Steinbaum, Dalié Jiménez, and Jonathan Glater December, 2023. Data brief #3: Financial hardship among student borrowers. Access: <https://www.slli.org/databrief3>

²Victor Duarte, Julia Fonseca, Divij Kohli, Julian Reif, 2025. The effects of deleting medical debt from consumer credit reports. National Bureau of Economic Research. Access: https://www.nber.org/system/files/working_papers/w33644/w33644.pdf?utm_campaign=PANTHEON_STRIPPED&utm_medium=PANTHEON_STRIPPED&utm_source=PANTHEON_STRIPPED

reports. HB 178 both enshrines credit reporting agencies' voluntary changes into state law and extends the protections to Alaskans with medical debt valued over \$500.

Thank you for your engagement on this important topic. Please let us know if you have any additional questions about our support for HB 178.

Sincerely,

A handwritten signature in black ink that reads "Claire Lubke". The signature is written in a cursive, flowing style.

Claire Estelle Lubke
Economic Justice Lead
Alaska Public Interest Research Group