

# Attorney General Eric T. Schneiderman

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## A.G. Schneiderman Issues Consumer Alert On Potential Dangers Of Medical Credit Cards

*A.G. Warns That Medical Community Has Financial Incentive To Aggressively Push Costly Financing Options*

*Schneiderman: Explosion Of Medical Credit Card Debt Is A Major Concern For Many Americans, And The Financial Consequences Can Be Dire*

NEW YORK – With increasing numbers of health care professionals urging patients to use medical credit cards to pay for treatments not covered by their insurance plans, Attorney General Eric T. Schneiderman today issued a consumer alert on the risks associated with health care financing.

The cards and loans, which were first marketed about a decade ago for cosmetic surgery and other elective procedures, are now proliferating among older Americans, who often face large out-of-pocket expenses for basic care, including dental care, that is not covered by Medicare or private insurance. Doctors, dentists and other providers have a financial incentive to recommend the financing because it encourages patients to opt for procedures and products they may not need. It also ensures that providers are fully paid upfront even for an ongoing course of treatment — a fact that financial services companies promote in marketing material to providers.

“The explosion of medical credit card debt is a major concern for many Americans, particularly vulnerable seniors and low-to middle-income households. For patients, the financial consequences can be dire,” said **Attorney General Schneiderman**. “The problem is made even worse by companies that encourage high-pressure sales tactics in our health care settings and companies that charge outlandishly high interest rates.”

In June, following an investigation, the Attorney General’s Office reached a pact with one such company, **CareCredit**, which is a subsidiary of GE Capital Retail Bank. The investigation found that the application process is often rushed; providers frequently fail to inform consumers of the basic terms of the card, and patients incur costly credit charges that they initially mistake for payment plans. The agreement requires a three-day “cooling-off” period to give consumers an opportunity to consider the card’s terms and the treatment plan; a limit to what the provider

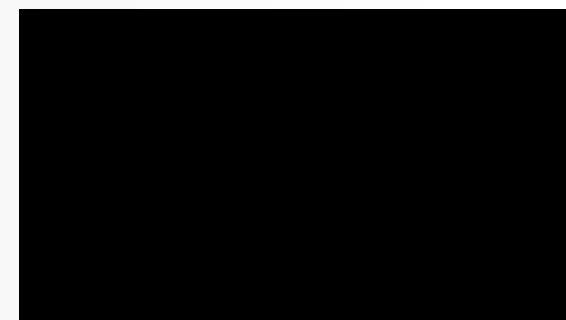
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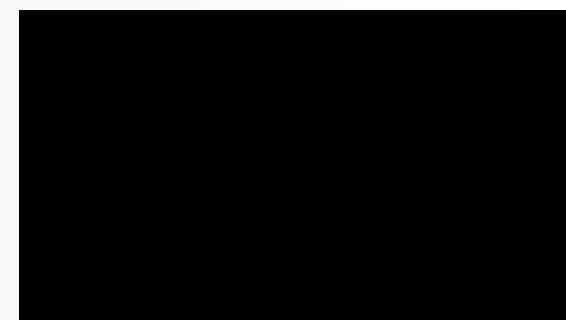
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can charge in advance, and additional transparency to make consumers aware of high interest rates if charges are not paid off at the end of the promotional period.

In an effort to help those most susceptible to the damage that these cards and lines of credit can cause, Attorney General Schneiderman issued the following tips to help consumers:

- Give yourself time to understand the terms of financing. Take the time to read the entire contract; don't rely on a sales pitch.
- Resist any pressure to apply immediately, even though it is your provider who is offering you the financing.
- If your provider tries to charge you in advance of treatment, ask to be charged for each visit separately instead. If your request is refused, consider finding another provider.
- If the services will span more than one visit, ask for a detailed treatment plan.
- If applying for deferred interest ("no-interest") financing, understand how the deferred interest will accrue and when it will be imposed. Understand the monthly payments you must make in order to avoid interest.
- Ask your provider for alternative payment options, such as an in-house payment plan. Your provider may also be willing to negotiate the fee. Once you sign up for a credit card or other financing, you may have more difficulty addressing billing matters with your provider.
- Make sure your insurance coverage, if any, is exhausted before using a credit card or other financing, and don't allow your provider to charge your credit card for any service that should be covered by insurance.

Because they are often not covered by insurance, the procedures and treatments these cards are used for often result in tremendous debt for patients. While the allure of a seemingly harmless payment solution is understandable, particularly when pushed by trusted medical professionals, consumers need to understand that medical credit cards often cause more financial trouble than they solve. Following these tips is a safe, easy way to pursue the best medical treatments while maintaining financial health.

In addition, consumers with a complaint regarding health care credit card practices, or any other complaint, should contact the Office of the Attorney General's Health Care Helpline at 800-428-9071.

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