

Rohit Chopra, Director  
Consumer Financial Protection Bureau  
1700 G St NW  
Washington, DC 20552

April 24, 2023

Re: [Request for Information Regarding Consumer Credit Card Market](#), Docket No. CFPB-2023-0009

Dear Director Chopra:

U.S. PIRG is an advocate for the public interest with PIRG affiliates in two dozen states. We speak out for a healthier, safer world which includes promoting policies that protect consumers and support the delivery of the high value healthcare we deserve. We are strong champions of the work of the Consumer Financial Protection Bureau (CFPB). PIRG values the agency's work to protect consumers from unfair and predatory credit practices. We appreciate the opportunity to comment, in part, on this Request for Information.

The RFI asks: **How has credit card product innovation changed since the CFPB reported on the credit card market in 2021?**

We would like to encourage greater attention to the proliferation of "medical credit cards." These relatively new financial products are offered in health care provider offices by office staff. They are often offered to patients to pay for health care expenses that are not covered by health insurance. There are two major concerns about this new credit card product innovation:

1. These credit cards are offered and explained by front office staff in medical office settings. These individuals are not trained financial advisors and are not prepared to fully explain or answer questions related to how the financial transaction works. A health care setting is not the right place to make a decision about signing up for a new financial credit product that could have serious long-term financial consequences. Consumers should not be asked to make credit decisions on the spot in a medical setting. Patients should not be enticed to sign up for a "medical credit card", especially by untrained medical office clerks who simply hand out the application forms and might give people a broad brush assurance that there is no interest for several months. Hawking financial products in a medical office could enhance the possibility of predatory up-selling of medical services that the patient may not be able to afford and may not even need. The most common services paid for by these cards used to be [dental and hearing care and](#)

[cosmetic procedures](#), as these services often weren't covered under many people's insurance. But the cards are being used to [cover more medical services](#).

2. These new "medical credit cards", although they offer interest-free credit for a period of several months, often apply retroactive interest and significant late fees. The interest rate can be higher than other credit cards. Patients might believe they'll never pay those rates because they think they will be able to pay off the balance before it applies, or the rates are not sufficiently explained in the medical office. Patients are at risk of unknowingly exposing themselves to unusually high interest rates and high late fees, sinking themselves into greater debt.

As [cited by the CFPB](#), a 2021 [PIRG study of bankruptcies in Oregon](#) showed that the most frequently listed creditor was the issuer of a health-care-specific credit card (CareCredit), followed by big hospital/provider networks. The report found that 1,037 debtors reported owing a total of over \$2 million to CareCredit, with a median of \$1,443 owed per debtor. The median debt owed to CareCredit was higher than the median debt owed to any of the ten most frequently mentioned health care systems. We appreciate [previous action](#) by the CFPB against Care Credit in 2013 to address their unfair and deceptive practices and getting the company to refund \$34 million for up to a million harmed consumers.

But the business of medical credit cards continues to grow.

An [extensive Nerdwallet](#) investigation explains the different business models of medical credit cards. We are concerned that these credit instruments will expand to other health care settings, exposing even more patients to the lure of easy credit with expensive late fees and high interest rates. CareCredit has a relationship with 20 [hospital systems](#) to market their medical credit cards. [PayZen](#) indicates they are going to be marketing to hospitals as well.

Currently patients who owe a debt to hospitals for their treatment are often able to set up long-term low- or no-interest payment plans with the hospital itself. If hospitals start replacing these payment programs with a quick fix of high interest, high late fee medical credit cards, patients will go deeper in debt.

We urge you to ratchet down on these businesses and set clear guidelines to better protect patients from the sales-pitch to sign up in a health care setting for a credit instrument that will set them back even further. Medical debt is crushing Americans. [41 percent](#) of Americans have debt related to medical or dental expenses. And as people have to pay more out of pocket for their deductibles and coinsurance, about [17 percent](#) are turning to credit cards to pay those expenses.

We urge the CFPB to consider these issues as it relates to “medical credit cards”:

- Is there an implied "trust" when a provider is marketing/offering the credit card in their offices at point of sale, and how might that affect a patient's decision to sign up for medical credit cards?
- What oversight exists to protect patients from unknowingly subjecting themselves to high interest and penalties that occur in these “medical credit card” offerings? Are existing laws/regulations sufficient to protect them, or do we need other protections?
- What, if any, additional financial benefit are providers receiving from offering these services that we might not be aware of? What kind of medical ethics come into play when health care providers start marketing/offering financial services and can use “free credit” to upsell patients on procedures not covered by insurance?
- What impact will the prevalence of these cards have on the future availability of low or no-interest payment plans that are currently offered by providers?

Patients should be focused on making health care decisions in their physician offices, and wait to make financial decisions after they have time to read the fine print and understand their potential liability for these medical credit cards.

Thank you for your consideration of this issue and we look forward to working with you to address the problems of “medical credit cards.”

Sincerely,



Patricia Kelmar, JD  
Senior Director, Health Care Campaigns  
pkelmar@pirg.org