U.S. PIRG

USPIRG.org
Info@USPIRG.org

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

Xavier Becerra, JD, Secretary
Department of Health and Human Services
200 Independence Ave, SW
Washington, DC 20201

Janet Yellen, PhD., Secretary
Department of the Treasury
1500 Pennsylvania Ave, NW
Washington DC 20220

September 6, 2023

Re: Request for Information Regarding Medical Payment Products
Docket Numbers CFPB–2023–0038; CMS–2023–0106; TREAS–DO–2023–0008

Dear Secretary Becerra, Director Chopra and Secretary Yellen:

Thank you for the opportunity to provide input in response to your Request for Information on the prevalence, nature, and impact of medical payment products on consumers and on the health care system. We appreciate your attention to the impact on patients of the availability and marketing of what are commonly known as “medical credit cards.”

U.S. PIRG is an advocate for the public interest which promotes policies that protect consumers and support the delivery of the high value healthcare we deserve. Along with our two dozen state PIRG affiliates, we urge you to take swift action to issue rules which will protect consumers from the proliferation of “medical credit cards”.

Out-of-pocket costs for health care are expensive - even for the insured.

The high cost of health care for patients is the source of the burgeoning new business of medical financing products and credit cards. As U.S. PIRG shared with the House Ways & Means Committee in March 2023, per capita spending on health care is double the average of other wealthy countries, a result of the high prices for medical care services and prescription drugs.

The Biden Administration has worked hard to ensure greater access to health insurance for the American public and recent data shows the national uninsured rate has reached an all-time low in 2023. Yet, even insured individuals and families face significant out-of-pocket costs: the expense of deductibles, co-pays, and co-insurance. One study found that annual spending for health care is about $1,650 per person in 2021, and that personal financial burden is expected to continue to grow.

Therefore, it's not surprising that people are struggling to pay their medical bills, even when they have insurance. Nearly 50% of adults in the US say it is "very or somewhat difficult for them to afford their health care costs." And those who are uninsured are facing even greater medical debt.

Medical credit cards are enticing and marketed extensively in health care settings.

In April, U.S. PIRG submitted comments in response to the CFPB's Request for Information regarding consumer credit card market. We expressed our concerns about the expansion of the marketing of "medical credit cards"in more health care settings. These financial products which were originally primarily offered in provider's offices where patients tended to have little or no coverage - dental and eye care offices - are now being offered in physician offices, diagnostic centers and on hospital websites. CareCredit has a relationship with dozens of hospital systems to market their medical credit cards. PayZen indicates they are going to be marketing to hospitals as well.

This relatively new version of a credit card, marketed specifically for health care services and products, usually lures in applicants with promises of a promotional 0% APR for an introductory period of 6-18 months. What is not always evident to the applicant is the more complex terms of the financial agreement. High interest rates and late fees add to the costs of an already expensive medical bill when cardholders miss a payment or can't pay it in full. And retroactive interest on the full amount charged shocks even more saavy cardholders. President Biden warned that medical credit cards are often offered to people who would qualify for financial assistance or a low, or no-cost payment plan to pay for their medical bills.

Medical credit cards add to already expensive medical bills - driving patients into medical debt.

Our affiliate OSPIRG (Oregon State PIRG) conducted its own study of bankruptcies in Oregon to understand the prevalence of medical debt in the court filings. The report unveils the role that medical credit cards play in sinking patients into deeper debt. Oregon is a Medicaid-expansion state which means more people are eligible for public, no-cost health plans than states that have not expanded access to Medicaid. Oregon also requires hospitals to offer free and discounted care with specific charity care, or financial assistance, policies. These generous policies should better insulate lower-income families in Oregon from the negative consequences of medical bills.

Yet, medical debt played a major part in the reviewed bankruptcy filings, with 60% of filings reporting medical debt. We were surprised that the single most frequently listed medical debt holder was not a hospital or other health care provider but rather a medical credit card – CareCredit from Synchrony Bank. This particular medical credit card was listed in 1,037 filings for a total of over $2 million owed to CareCredit, with a median debt per bankruptcy filer of $1,443. The median debt owed to CareCredit was higher than the median debt owed to any of the 10 most frequently mentioned health care systems.

CareCredit held the highest median debt in Oregon bankruptcy filings in 2019 compared to the 10 most frequently reported health systems

Debt holder	Median debt held
CareCredit / Synchrony	$1,443
St. Charles	$1,200
Asante Health	$720
OHSU & Tuality	$720
Samaritan	$700
Peace Health	$642
Catholic Health Initiatives	$500
Providence	$500
Salem Health	$500
Legacy	$380
Kaiser Permanente	$287

Recommendations.

1. **Remove the marketing and offering of medical credit cards from health care provider offices.**

Patients should be focused on making health care decisions in their physician offices, and not be asked to make financial decisions at the same time. Without reliable cost estimates and a clear understanding of how much insurance is going to pay, patients simply do not have the information they need to understand if they even need a high cost financial product.

2. **Enforce improved screening in providers' billing offices to ensure patients have access to financial assistance or insurance coverage.**

To truly help patients afford their medical care, physicians and their staff should help patients use their insurance and screen them for public health programs or financial assistance programs. Providers should not offer the temptation of a simple, but expensive, way to pay a bill by handing people an application for a high-interest, high-fee credit card. It violates the principle of 'do no harm.' Rather, providers' billing offices should use their expertise to help people apply for insurance and obtain financial assistance.

3. **Urge state medical boards to institute practices standards that prohibit the practice of shilling medical credit cards to their patients.**

Patients trust their doctors. When their health care professionals offer a 'medical credit card,' there is an implied trust that extends to these financial instruments. However, these cards are driving patients into more consumer debt if they miss a payment and owe high late fees and retroactive interest.

4. **Ban the inclusion of medical debt on credit reports.**

We have known for years that medical debt doesn't predict credit defaults, nor does it accurately predict a person's desire and willingness to pay off loans. In fact, CFPB's own research showed that medical billing data on a credit report is "less predictive of future repayment than reporting on traditional credit obligations." Although several major credit bureaus have taken voluntary steps to begin removing some medical debt from credit reports, these changes should be codified and expanded.

If we are successful in keeping medical debt off of credit reports, as a matter of public health and public policy, we will need a new way to measure the extent of medical debt. It will still exist, but might be harder to quantify. Therefore the departments should consider how to use existing health care surveys administered through CMS, CDC, Labor and others to track the prevalence of medical debt.

5. **Enforce and strengthen the requirement that nonprofit hospitals offer financial assistance policies.**

In exchange for the tax-benefits, nonprofit status hospitals are expected to support their local communities with financial assistance programs for those who can't afford their bills. As Dollar For explained in its oral testimony at the CFPB on July 11, 2023, patients have trouble identifying these programs and struggle with providing the extensive documentation in complex forms to be able to apply for that assistance. Allowing medical credit cards to be offered in provider billing offices will make it less likely than ever that patients will get financial aid, charity care or even be 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.

6. **Empower consumers with consumer protection information when they need it, so they never pay a bill they don't actually owe.**

Often people are caught up with medical bills unexpectedly. A sudden illness or emergency can force them into the unfamiliar world of health care bills and insurance coverage. Providing useful consumer protection information on the actual medical bills, rather than simply in complex online benefit plans, can help people know and use their rights. Medical bills and explanation of benefit documents are confusing and vary tremendously. Creating uniform standards for medical bills and EOBs would go a long way in helping people understand their bills, challenge errors, and know what they are expected to pay. Bills should also include important consumer information and include resources, such as the No Surprises complaint desk, to get the help they need to understand their billing rights. The departments should also require debt collectors to include notice about any financial assistance policy in their communications with consumers.

Conclusion

The high prices in health care are driving families into medical debt. Quick "fixes" like medical credit cards may be tempting, but they are costly, further exacerbating the problem. We urge you to use your existing authorities to the greatest extent possible to protect consumers from high-cost medical credit cards. We urge you to move swiftly from this RFI to rule-making.

Sincerely,

Patricia Kelmar, JD
Senior Director, Health Care Campaigns