Tri Valley PLASTIC SURGERY

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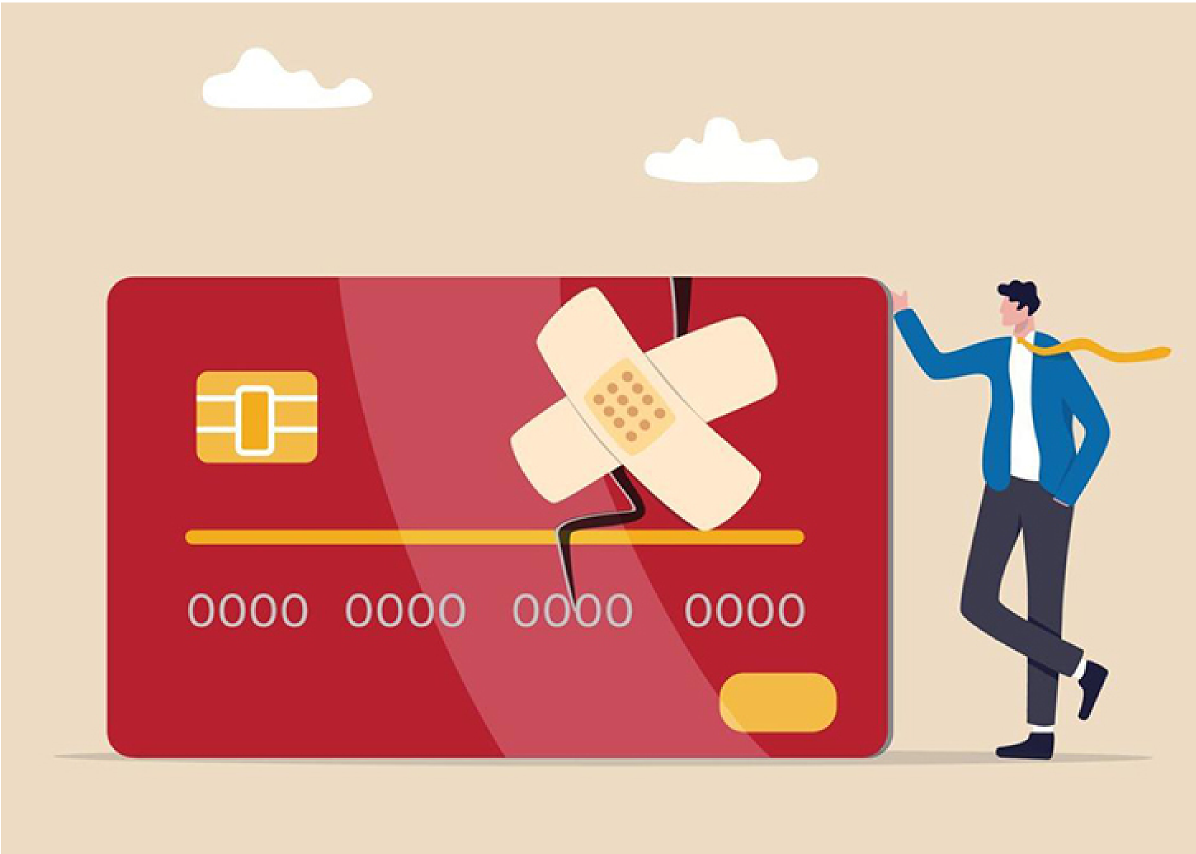

With healthcare costs rising and payer reimbursements dwindling, many physicians are focusing even more on collecting outstanding patient balances. Medical credit cards can be a popular choice to fill this gap because doctors get reimbursed upfront while patients receive special financing offers and the care they seek or need.

But, in recent months, federal officials have questioned whether these arrangements are genuinely win-win or if the cards prey on low-income and vulnerable individuals and warrant tighter regulatory oversight.

In July, the Consumer Financial Protection Bureau (CFPB), the US Department of Health and Human Services, and the US Department of Treasury announced an inquiry into medical credit cards. The agencies sought public comments from patients and providers to determine how much they are used.

Medical credit cards typically offer 0% or low-interest terms ranging from 6 to 24 months.

Minimum monthly patients are required, often as low as $30 and not usually enough to pay the balance by the end of the promotional period.

After the introductory rate, card issuers may charge interest rates approaching 30% — not just on the remaining balance but on the original amount financed, adding considerably to total out-of-pocket costs.

Ophthalmologist Michael A. Brusco, MD, FACS, specializes in laser-assisted in situ keratomileuses and vision correction at his practice in the greater Washington, DC, area. He told Medscape Medical News that nearly all his patients are self-paying, and just under half utilize one of two medical credit cards he offers through third-party vendors, CareCredit and Alphaeon Credit.

"We are clear with our patients that it is interest-free only if they make all payments on time, and if they don't, then the penalties and fees skyrocket," Brusco said.

Patients pay no interest if they make the minimum monthly payments and pay the entire balance by the end of the term. Brusco said those who qualify and abide by those conditions can benefit from spreading healthcare expenses over several months and reducing the stress and financial strain associated with a larger, one-time payment.

He acknowledged that deferred interest can be problematic if patients are caught unaware but said his staff has received training from both vendors on clearly explaining the plans to patients. If someone doesn't think they can pay off the balance in the timeframe, he suggests they pursue an alternative payment method.

Community Catalyst, a nonprofit health advocacy organization, has joined 60 other groups urging the Biden Administration to ban deferred interest medical credit cards.

They say that patients don't understand what they are signing up for due to comments like these:

"Even though I've made monthly automatic payments on my account, as long as I have any balance on my account by [the end of the promotion], I'd be charged a 26.99% interest rate on the whole medical bill of [$2700]."

"I had nearly [$700] of interest that had accumulated within 4 months…based on one [$2000] charge. The employees at medical offices are selling a product they know little about without fully disclosing the terms and conditions to their patients."

Historically, patients who apply for the cards have tended to use them to finance cosmetic or other lifestyle medicine procedures, but the CFPB said patients increasingly rely on them for routine and emergency care, which may contribute to growing medical debts and collections balances.

Federal authorities have expressed concerns that doctors may direct patients toward these financial arrangements instead of properly screening them for assistance programs or pursuing the sometimes arduous claims process to capture reimbursement from payers.

Growth of Medical Credit Card Market

One of the most widely used cards, CareCredit, is owned by Synchrony Bank and accepted at over 260,000 locations. Beyond private practices, the vendor has multi year deals with over 300 hospitals, including Kaiser Permanente and the Cleveland Clinic.

Despite growing popularity and acceptance within the medical community, the cards may work well for some, but not all, patients.

According to a CFPB report released earlier this year, deferred interest medical credit cards were used to pay nearly $23 billion in healthcare expenses from 2018 to 2020. Individuals unable to stick to the terms paid $1 billion in deferred interest payments during that period. Three quarters of CareCredit consumers pay no interest, the organization reported.

Healthcare costs are likely driving demand for medical credit cards. In a recent survey by the Commonwealth Fund, almost half of respondents said it was very or somewhat difficult to afford care even when having insurance coverage through an employer, individual, or government plan. Consumers in the survey cited the high costs as a reason why they delayed or skipped care and prescription medication in the past year, including 29% of those with employer coverage and 42% with Medicare.

These dynamics can leave doctors between a rock and a hard place, said Alan P. Sager, PhD, a professor of health law, policy, and management at Boston University School of Public Health. He told Medscape Medical News that medical credit cards can keep cash flowing for doctors and provide elective and necessary care for patients, but the double-digit interest rates outside of the promotional periods can put patients at risk of bankruptcy. He views them as a short-term solution to a more significant problem.

“What doctors need and deserve is patients who have full coverage so that there are no medical debts and no need for medical credit cards,” said Sager.

Doctor Groups Weigh In

The Medical Group Management Association (MGMA), representing more than 15,000 medical groups, said in its public comments that Medicare cuts and staffing and inflation challenges have made running a profitable practice challenging, particularly for rural and less-resourced offices.

The organization said medical credit cards with transparent terms and conditions can help patients afford care and keep practice doors open amid rising operational costs. However, MGMA worries that the CFPB’s inquiry could “perpetuate the notion that it is acceptable for payment not to be rendered immediately after clinical services are provided, and it’s ok that payments are often subject to significant delays.”

Meanwhile, the American Society of Plastic Surgeons (ASPS) has endorsed CareCredit for over 20 years. In response to the CFPB’s request for information, the association said it supports medical credit cards that offer promotional low- or no-interest terms.

Steven Williams, MD, ASPS president, told Medscape Medical News that patients appreciate multiple payment options and the flexibility to move forward with care on short notice. Still, he said that it requires due diligence on everyone's part.

"Lenders have a responsibility to educate their customers, and it's critical that lending products have full disclosure in plain and clear language. And with any substantial purchase, patients need to analyze how much it adds to the bottom line," he said.

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