



# Consumers for Affordable Health Care

Advocating the right to quality, affordable  
health care for all Mainers.

P.O. Box 2490  
Augusta, ME 04338  
Telephone: 1-800-965-7476  
Fax: 1-888-214-5233  
[www.mainecahc.org](http://www.mainecahc.org)  
[consumerhealth@mainecahc.org](mailto:consumerhealth@mainecahc.org)

## **Statement of Ceilidh Shea, Consumers for Affordable Health Care To the Joint Standing Committee On Health Coverage, Insurance, and Financial Services**

**Speaking in Support of:**

**LD 2174, An Act to Protect Consumers from Predatory Medical Credit Card Providers**

**February 29, 2023**

Senator Bailey, Representative Perry, and Members of the Joint Standing Committee On Health Coverage, Insurance, and Financial Services, thank you for the opportunity to submit these comments in support of LD 2174, An Act to Protect Consumers from Predatory Medical Credit Card Providers.

My name is Ceilidh Shea and I am a Policy Advocate at Consumers for Affordable Health Care, a nonpartisan, nonprofit organization that advocates the right to quality, affordable health care for every person in Maine. As designated by Maine's Attorney General, CAHC serves as Maine's Health Insurance Consumer Assistance Program (CAP), which operates a toll-free HelpLine. Our HelpLine, which fielded over 7,000 calls and emails last year from people across Maine who needed help obtaining, keeping, using, or fixing problems with private health insurance or with accessing or affording health care services. CAHC also serves as the Ombudsman program for Maine's Medicaid program, MaineCare, and helps people apply for and navigate the enrollment process for MaineCare. It is with that background that we provide these comments.

LD 2174 would protect consumers from predatory medical credit cards by prohibiting providers from offering a medical credit card to a consumer that contains a deferred interest provision in its contract. The bill also prohibits providers from offering medical credit cards to consumers in healthcare settings. Additionally, LD 2174 requires a provider to screen a consumer for free care eligibility before accepting payment from a consumer using a medical credit card.

Medical credit cards were originally used to pay for care not traditionally covered by health insurance, such as dental and vision care, fertility services, or cosmetic surgery. However, they are now also used to pay for a much broader range of services, including routine care.<sup>1</sup>

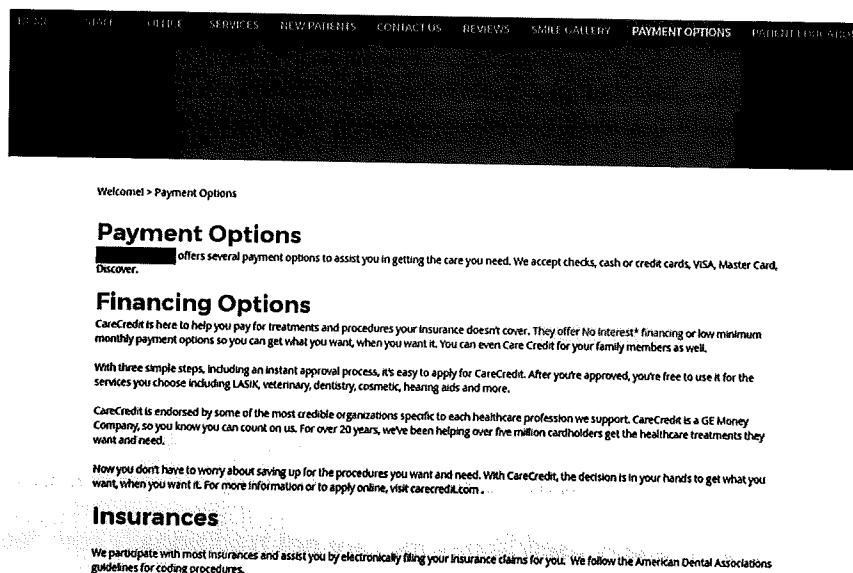
Medical credit cards often include predatory conditions. Many are advertised having zero-interest promotional periods of 6 to 18 months. However, according to the Consumer Financial Protection Bureau, the fine print on these credit cards, which can be difficult to decipher, often contain deferred interest conditions: If you don't pay off the full amount before the end of the

---

<sup>1</sup> <https://www.consumerfinance.gov/about-us/newsroom/inquiry-into-costly-credit-cards-and-loans-pushed-on-patients-for-health-care-costs/>

promotional period you'll be responsible for all the interest that would have accrued dating back to the original purchase date.<sup>2</sup> The interest rates can be up to 27 percent or higher (more than the typical 16 to 22 percent range for general-purpose credit cards, although while it very is difficult to find on CareCredit's website, if you dig deep enough, it shows that new card holders could be charged 29.9 percent<sup>3</sup>).<sup>4</sup> The Consumer Financial Protection Bureau found that interest payments on medical credit cards can inflate medical bills by almost 25 percent.<sup>5</sup> This retroactive application of high interest rates is extremely harmful to consumers.

A National Consumer Law Center survey of attorneys and other advocates regarding their clients' experiences with medical credit cards found that 47% had clients that were told their medical credit card was zero interest but was actually deferred interest. 50% reported their clients did not receive disclosure of terms when signing up. 44% had clients who did not understand explanations of deferred interest provisions.<sup>6</sup> Evidently, these products are difficult to understand. This bill would ensure deferred interest promotional periods are prohibited, avoiding the confusion from consumers demonstrated by the survey. Below is a screen shot from a Maine provider's website showing how a CareCredit medical credit card is being advertised as a "No Interest" financing option. While there is an asterisk next to "No Interest," there is no note or disclaimer anywhere on the page that provides any additional information.



<sup>2</sup> <https://www.consumerreports.org/money/medical-billing/dont-pay-healthcare-bills-with-a-medical-credit-card-or-loan-a1139879069/>

<sup>3</sup> CareCredit Payment Calculator | "https://www.carecredit.com/payment\_calculator/?amount=1000"

<sup>4</sup> <https://www.consumerreports.org/money/medical-billing/dont-pay-healthcare-bills-with-a-medical-credit-card-or-loan-a1139879069/>

<sup>5</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_medical-credit-cards-and-financing-plans\\_2023-05.pdf](https://files.consumerfinance.gov/f/documents/cfpb_medical-credit-cards-and-financing-plans_2023-05.pdf)

<sup>6</sup> [https://www.nclc.org/wp-content/uploads/2023/04/Report\\_Health-Care-Plastic.pdf](https://www.nclc.org/wp-content/uploads/2023/04/Report_Health-Care-Plastic.pdf)

Whereas some states and creditors have prohibited the reporting of medical debt to creditors, debt incurred from medical credit cards is treated like any other form of debt, and therefore can seriously impact credit reports and scores for many Mainers. A poor credit score can lead to higher interest rates, fewer loan options, and can also make it more difficult to find housing and obtain certain services.<sup>7</sup>

In Maine, more than four out of ten people have taken on medical debt in their household within the last five years. Of those with medical debt, nearly a third have incurred credit card debt as a result of a medical bill.<sup>8</sup> Medical credit cards can often add to or increase the likelihood of incurring additional medical debt. Additionally, roughly half of Mainers who have hospital related medical debt are not aware that hospitals in Maine are required to provide free care to income-eligible people. LD 2171 would protect patients from misleading and predatory differed interest lending options and would ensure patients are screened for charity care programs before providers accept payments made with a medical credit card..

Medical credit cards are being offered to patients to pay for routine medical care. This can drive up health care costs and increase the chances of incurring additional medical debt. LD 2174 would provide consumers with protections from the predatory conditions of medical credit cards and the medical debt we see as a result. It is for these reasons that I urge you to vote ought to pass on LD 2174. Thank you and I'd be happy to answer any questions.

---

<sup>7</sup> <https://www.investopedia.com/the-side-effects-of-bad-credit-4769783#:~:text=A%20poor%20credit%20history%20can,you%20in%20a%20job%20hunt.>

<sup>8</sup> <https://drive.google.com/file/d/1jejlVXNL9SSiHDkTO6VYICJSvKSbfYNC/view>