

Be skeptical of health-care credit cards

By Michelle Andrews

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These days, you may leave your dentist's office with more than a toothbrush and dental floss in your bag. Thousands of dentists are offering patients health-care credit cards to cover the work that needs to be done, with seemingly hard-to-resist repayment terms. If you need care and don't have insurance to cover it or cash in hand, it's tempting to sign up.

But beware: Many of the card companies and some of the practitioners who offer them are under scrutiny for deceptive and sometimes fraudulent practices. Think hard and read the fine print before you sign on the dotted line.

This month, New York Attorney General Andrew M. Cuomo [announced](#) an investigation into the health-care lending industry. The probe grew out of hundreds of complaints received by his office from people who had used the cards for dental work and for elective medical treatments often not covered by insurance, such as cosmetic surgery, chiropractic treatments, Lasik eye surgery and hearing procedures.

New York is not alone in looking at the practice. Last year Minnesota Attorney General Lori Swanson [sued](#) two chiropractic clinics, charging that, among other things, they signed patients up for credit cards without their knowledge and charged them thousands of dollars for services not yet provided. Those suits are ongoing, according to a spokesman for her office.

In California, a law that took effect in January prohibits dentists from charging patients for services before they are done unless the dentists provide a detailed breakdown of the treatment to be performed and its costs. Within 15 days of a patient's request, the law also requires dentists to refund charges for work not yet performed.

According to investigators and patient advocates who have worked with consumers to resolve problems, patients frequently aren't even aware they're applying for a credit card; many think they're providing financial information to work out an extended payment agreement with their doctor or dentist.

Once they get the card, more unpleasant surprises can be ahead.

Many cards promise interest-free borrowing as long as consumers pay off the amount owed within a specified time, say six months or a year. But consumers who don't pay off their debt within that time frame often get hit with interest charges exceeding 25 percent on the entire amount, back to the original date they purchased the services. Other consumers have discovered they've been charged thousands of dollars for work that hadn't yet been done.

That's what Maxine Veach says happened to her. The 60-year-old retired postal worker has dental insurance through Excellus BlueCross BlueShield and MetLife. Suffering from a sore jaw, she visited a dentist near her Syracuse, N.Y., home who told her she needed three crowns and three extractions. She gave the office information about her insurance so they could bill for the

charges. But Veach decided to sign up for the health-care credit card offered by the practice to cover any amounts not paid for by her plan.

After getting her teeth cleaned and a set of X-rays taken, Veach was surprised to receive a bill from the credit card company for \$2,300.

Veach made numerous attempts to sort out the overcharge and get the office to bill her insurers for the work that had been done, but eventually she called Cuomo's office, which negotiated an \$1,850 reduction in the amount owed. Now she's looking for a new dentist.

"I was very upset with them," she says. "I told them they had a nice little scam going on."

New credit card [regulations](#) that became effective this month limit the size of late fees and restrict interest rate increases on balances. But the regulations continue to permit "teaser" or promotional rates, and they don't address the issue of charging consumers for services before they're provided, says Gail Hillebrand, a senior attorney at Consumers Union.

Cuomo's investigators allege that one card issuer, GE CareCredit, charges practitioners a fee to offer the cards and then gives them a rebate based on the amount of money they generate in sales. Stephen White, a spokesman for GE CareCredit, says that happens in "limited instances."

CareCredit, which is offered by 130,000 practices nationwide, is one of several companies Cuomo is investigating. "We're cooperating with the attorney general's inquiry and welcome the opportunity to discuss and explain our business," says White.

Other credit card issuers that have been subpoenaed as part of the Cuomo investigation include Chase Health Advance and Citi Health Card. Chase officials said they had no comment, and Citibank said it would cooperate with the probe.

Patient advocates are concerned that practitioners are taking advantage of patients' trust at a time when they need help and may be in pain. "Some of the people we've worked with feel pressured to apply," says Mark Rukavina, executive director of the Access Project, a Boston-based nonprofit that helps consumers solve medical-debt problems. "They need the services, and the provider is really encouraging them to use these medical credit cards."

As health-care costs continue to rise, more people are struggling to cover their medical bills. Using plastic may seem like a good -- and sometimes the only -- solution. But there are better options, say patient advocates. The simplest: Ask for an extended payment plan.

Many providers will offer it and charge no interest, says Rukavina.

"You've got a relationship there, and both of you want to preserve it," he says.

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