



# Should You Have a Medical Credit Card?

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As the recession continues and unemployment remains high, more Americans are finding it difficult to pay for health care, and in some cases are even delaying procedures. According to McKinsey & Co., a global management consulting firm, patients annually charge about \$45 billion of out-of-pocket medical expenses on regular [credit cards](#). That number is likely to increase to \$150 billion by 2010.

Some financial services companies, sensing a growing niche market, have introduced special credit cards to be used just for medical expenses. These "medical credit cards" were originally intended to pay for uninsured elective procedures, such as Lasik and liposuction, but are now gaining traction for other uninsured or underinsured health care needs. Card issuers say they offer a way for consumers to have immediate access to treatments such as dental implants, chiropractic maintenance, weight-loss surgery or even veterinary care for a pet.

Among the companies offering these medical credit cards are CareCredit from GE Money, Citigroup's Citi Health Card and Chase's ChaseHealthAdvance. You can apply in your doctor's office or online. Doctors must be part of the specific card issuer's network, and the websites will help you find a participating provider in your area. Applicants must qualify for the medical credit card just as for any credit card, but issuers promise almost immediate approval for the amount based on the procedure you need.

The card companies say that medical credit cards allow patients to keep their cash in an interest-bearing account while spreading payments over time. But before you sign on the dotted line, here are four points to consider.

- You're signing up for a credit card. "Consumers might think these are different, but they work the same way as a standard credit card, and it doesn't take much to trigger a penalty APR," says Beverly Blair Harzog, a contributing editor for CardRatings.com. The promotional financing is attractive -- no interest if the balance is [paid in full](#) within the promotional time period, which is usually between six and 24 months -- but a late or missed payment will cost you. You'll be

slammed with a high APR, more than 25% in some cases, that's applied retroactively. "Read the tiny, tiny print very, very carefully," Harzog says.

- Payment patterns can affect your credit. "Late or missed payments on medical credit cards will be reported to the credit bureaus and may impact your credit score," says Craig Watts, public affairs director at FICO, developers of the [FICO credit score](#). That could mean serious damage, as payment history accounts for 35% of your score. By comparison, outstanding balances owed to doctors or hospitals do not show up on your [credit report](#) until the bill has been sent to a collection agency. Plus, a poor track record in making payments on your medical credit card may prompt a higher [interest rate](#) on other cards.
- Refunds are hard to get. Some providers may require payment upfront for multi-visit procedures such as dental implants or root canals. If, for some reason, you don't go through with all the steps, or decide to go to another provider, you may find it difficult to get the charges reversed or your money back.
- Your doctor may have a hidden agenda. Providers pay a fee to be part of a network, and at least one card issuer, CareCredit, offers rebates based on the amount of fees charged on the cards. This gives doctors and dentists a financial incentive to suggest or even actively encourage patients to sign up. This blurring of lines between health care and financial services has set off some warning bells. New York state Attorney General [Andrew Cuomo](#) recently issued subpoenas to CareCredit, ChaseHealthAdvance, Citi Health Card and to some providers in their networks in order to investigate this relationship and what he calls "predatory" lending practices.

### **The bottom line**

Medical credit cards should not be your first line of defense when faced with an expensive medical procedure. "Try negotiating with your health care provider for either a reduced charge or at the least an extended payment schedule," says Mark Rukavina, executive director of The Access Project in Boston. "Unless you're at risk of losing life or limb, using medical credit cards is not the solution," he says.

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