

United States Senate

WASHINGTON, DC 20510

December 29, 2022

Brian Doubles
President and Chief Executive Officer
Synchrony Financial
777 Long Ridge Road
Stamford, CT 06902

Charles Scharf
Chief Executive Officer and President
Wells Fargo & Company
420 Montgomery Street
San Francisco, CA 94104

Dear Mr. Doubles and Mr. Scharf:

We write to express our concerns regarding costs and debt imposed on consumers by medical credit cards, and to ask you provide information about these financial products and their impact on patients. Our healthcare system often assigned unaffordable prices for necessary medical care. Facing the choice of taking on debt or getting the health care they or their children need, patients are often forced to incur debt. This may result in patients enrolling in medical credit cards, which can only be used to cover health related costs at specific partner hospitals or providers.¹ Hospitals and providers promote these cards to patients who are trying to cover the cost of their health care services.² However, we are concerned that given the circumstances in which these cards are used, medical credit cards could be predatory to patients seeking medical care and leave patients stuck paying higher costs with “hefty, high-interest debt.”³

Banks have identified medical credit cards as a lucrative opportunity to profit off of the worsening crisis of patients who are unable to afford their medical care. A recent investigation estimated Americans hold at least \$195 billion in medical debt.⁴ The investigation also revealed that approximately one in six adults are paying off medical bills they put on a credit

¹ CFPB, “How does a medical credit card work?,” <https://www.consumerfinance.gov/ask-cfpb/how-does-a-medical-credit-card-work-en-1827/>.

² Crain’s Chicago Business, “Hospitals pitch plastic to patients facing costly treatments,” Katherine Davis, September 1, 2022, <https://www.chicagobusiness.com/health-care/hospitals-medical-credit-cards-patients-afford-treatment>; KHN, “100 Million People in America Are Saddled With Health Care Debt,” Noam N. Levey, June 16, 2022, <https://khn.org/news/article/diagnosis-debt-investigation-100-million-americans-hidden-medical-debt/>.

³ Crain’s Chicago Business, “Hospitals pitch plastic to patients facing costly treatments,” Katherine Davis, September 1, 2022, <https://www.chicagobusiness.com/health-care/hospitals-medical-credit-cards-patients-afford-treatment>.

⁴ KHN, “100 Million People in America Are Saddled With Health Care Debt,” Noam N. Levey, June 16, 2022, <https://khn.org/news/article/diagnosis-debt-investigation-100-million-americans-hidden-medical-debt/>.

card.⁵ Banks view medical credit cards as “an opportunity to capitalize on the growing gap between the cost of medical care and what many Americans can afford.”⁶ And as an increasing number of hospitals and providers are marketing these medical credit cards to “get paid upfront by banks.”⁷

Synchrony Financial, which offers CareCredit, is “one of the largest issuers of [medical credit] cards,” and has over 12.7 million card holders and 250,000 providers across the country.⁸ Last year, Synchrony reported making \$4.2 billion in profits, with companies such as CareCredit “account[ing] for \$2.3 billion, or 15%, of our total interest and fees on loans for the year.”⁹ Synchrony even touted that of the 130 professional groups they’ve partnered with that “over 80 were paid endorsements linked to member enrollment in, and volume under, the relevant program.”¹⁰ In Synchrony’s Second Quarter 2022 SEC filing, the company indicated that it had “expanded [its] partnership with AdventHealth to offer CareCredit as the primary patient financing solution across [a] nationwide footprint.”¹¹

The concern here is the current structure of our health care system often requires that patients enter into medical debt in order to access services they need. Within that context, patients – often under duress because of concerns about their medical care¹² – are being pushed into and then locked into medical credit cards despite the availability of alternative payment options that might be more beneficial and offer lower interest rates. For example, CareCredit’s interest rate is as high as 26.99% more 10 percentage points higher than the average rate for credit cards of 16.27%.¹³ Even worse, patients might be paying inflated “chargemaster” prices at these rates when they could receive lower negotiated or “amounts generally billed” prices.¹⁴

⁵ *Id.*

⁶ Crain’s Chicago Business, “Hospitals pitch plastic to patients facing costly treatments,” Katherine Davis, September 1, 2022, <https://www.chicagobusiness.com/health-care/hospitals-medical-credit-cards-patients-afford-treatment>.

⁷ *Id.*

⁸ Crain’s Chicago Business, “Hospitals pitch plastic to patients facing costly treatments,” Katherine Davis, September 1, 2022, <https://www.chicagobusiness.com/health-care/hospitals-medical-credit-cards-patients-afford-treatment>; CareCredit, “CareCredit,” <https://www.carecredit.com/>; CareCredit, “Dedicated support you can rely on for your business,” <https://www.carecredit.com/providers/faq/>.

⁹ SEC, Synchrony Financial Form 10-K for the fiscal year ended December 31, 2022, <https://www.sec.gov/ix?doc=/Archives/edgar/data/1601712/000160171222000053/syf-20211231.htm>.

¹⁰ SEC, Synchrony Financial Form 10-K for the fiscal year ended December 31, 2022 <https://www.sec.gov/ix?doc=/Archives/edgar/data/0001601712/000160171221000057/syf-20201231.htm>.

¹¹ SEC, Synchrony Financial Form 10-Q for the quarterly period ended June 30, 2022, <https://www.sec.gov/ix?doc=/Archives/edgar/data/1601712/000160171222000202/syf-20220630.htm>.

¹² Crain’s Chicago Business, “Hospitals pitch plastic to patients facing costly treatments,” Katherine Davis, September 1, 2022, <https://www.chicagobusiness.com/health-care/hospitals-medical-credit-cards-patients-afford-treatment>

¹³ CareCredit, “Synchrony Bank Section I: Rates and Fees Table CareCredit Account Agreement,” <https://www.carecredit.com/YourTerms/>; Board of Governors of the Federal Reserve System, “Consumer Credit – G.19,” September 7, 2022, <https://www.federalreserve.gov/releases/g19/20221007/g19.pdf>.

¹⁴ NPR, “Hospitals Have Started Posting Their Prices Online. Here’s What They Reveal,” Julie Appleby, July 2, 2021, <https://www.npr.org/sections/health-shots/2021/07/02/1012317032/hospitals-have-started-posting-their-prices-online-heres-what-they-reveal>; KFF, “Hospital Charity Care: How It Works and Why It Matters,” Zachary Levinson, Scott Hulver, and Tricia Neuman, November 3, 2022, <https://www.kff.org/health-costs/issue->

For nonprofit hospital bills, patients might even be eligible for free or reduced price care under financial assistance. Yet, instead, patients may be “unaware that charity care is available...have difficulty completing an application, [or] are improperly denied charity care by the hospital.”¹⁵

These medical credit cards are often promoted to patients right before a treatment or procedure, when they are circumstances that make it difficult for them to fully assess the risks of signing up.¹⁶ Patients who sign up for a medical credit card may be “solving a short-term dilemma. But a quick decision made in a high-stress situation can create long-term financial problems.”¹⁷ One report described a patient who was heading into surgery when a hospital representative “suggested she apply for a medical credit card with an introductory no-interest period.”¹⁸ She charged around \$2,500 on to her new medical credit card, but shared that “I wish I didn’t have to have that conversation right then because I wasn’t in the right mindset,” and that “I feel like it was taking advantage of somebody at their very most vulnerable time.”¹⁹

Many medical credit card companies have lured patients with pitches of “no interest” periods ranging from six to 24 months, which are actually deferred interest promotions that are controversial and allegedly inherently deceptive.²⁰ These promotions tout “no interest” but actually interest is accruing during the promotional period and will be retroactively charged if the entire balance is not paid off by the end of the promotional period.²¹ When patients are unable to pay off their balance, even by just a few dollars, they “end up with hefty credit card debt that carries some of the highest interest rates in the industry.”²² In 2017, the CFPB has

[brief/hospital-charity-care-how-it-works-and-why-it-matters/](#); Advisory Board, “More hospitals are promoting loans and credit cards. Is that good for patients?,” February 26, 2018, <https://www.advisory.com/daily-briefing/2018/02/26/bank-loans>.

¹⁵ KFF, “Hospital Charity Care: How It Works and Why It Matters,” Zachary Levinson, Scott Hulver, and Tricia Neuman, November 3, 2022, <https://www.kff.org/health-costs/issue-brief/hospital-charity-care-how-it-works-and-why-it-matters/>.

¹⁶ Crain’s Chicago Business, “Hospitals pitch plastic to patients facing costly treatments,” Katherine Davis, September 1, 2022, <https://www.chicagobusiness.com/health-care/hospitals-medical-credit-cards-patients-afford-treatment>.

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ CFPB, “CFPB Orders GE CareCredit to Refund \$34.1 Million for Deceptive Health-Care Credit Card Enrollment,” press release, December 10, 2013, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-ge-carecredit-to-refund-34-1-million-for-deceptive-health-care-credit-card-enrollment/>; National Consumer Law Center, “Deceptive Bargain: The Hidden Time Bomb of Deferred Interest Credit Cards,” December 16, 2015, <https://www.nclc.org/resources/deceptive-bargain-the-hidden-time-bomb-of-deferred-interest-credit-cards/>.

²¹ Advisory Board, “More hospitals are promoting loans and credit cards. Is that good for patients?,” February 26, 2018, <https://www.advisory.com/daily-briefing/2018/02/26/bank-loans>; GAO, “Consumer Finance: Credit Cards Designed for Medical Services Not Covered by Insurance,” June 2014, p. 10, <https://www.gao.gov/assets/gao-14-570.pdf>.

²² Crain’s Chicago Business, “Hospitals pitch plastic to patients facing costly treatments,” Katherine Davis, September 1, 2022, <https://www.chicagobusiness.com/health-care/hospitals-medical-credit-cards-patients-afford-treatment>.

found that consumers with “subprime and deep subprime [credit] scores tend to make more of their deferred interest purchases on healthcare,”²³ and the same consumers are much more likely to end up being retroactively charged deferred interest.²⁴

A June 2022 report described a patient who obtained a medical credit card to help cover thousands of dollars in medical bills “only to get stuck paying even more in interest”²⁵ – and this is not an isolated case. In 2013, the Consumer Financial Protection Bureau (CFPB) found over one million consumers may have been misled by CareCredit.²⁶ CareCredit placed many card holders in a “no interest if paid in full” plan, but the CFPB received hundreds of complaints from card holders stating that they didn’t receive adequate information about the terms of their plan.²⁷ Ultimately, “[m]any consumers, most of whom were enrolled while waiting for health-care treatment, incurred substantial debt because they did not understand how they could have avoided deferred interest, penalties, and fees.”²⁸

Though medical credit cards provide benefits to hospitals and providers, they can have harmful long term financial ramifications for patients. These cards “help hospitals save time and resources negotiating with insurance companies or putting patients on payment plans, a long-standing method for collecting payment from low-income and uninsured patients,”²⁹ while putting patients at risk of being overcharged for their medical care and facing negative reporting on their credit. As one medical debt and billing expert noted, “If you pay 0% interest on a seriously inflated charge, it's not a good deal.”³⁰ Another disturbing feature of medical credit cards is that the available credit is typically set to the cost of the service, “meaning the card is maxed out immediately, damaging card holders’ credit scores.”³¹ The cards may also adversely impact consumers credit reports because of the way they are treated by credit reporting agencies: the agencies recently agreed to remove 70% of medical debt from credit reports, but these changes will not benefit medical credit card holders because

²³ CFPB, “The Consumer Credit Card Market,” December 2017, p. 104,

https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2017.pdf.

²⁴ 86% of superprime balances are paid off; on the other end, only 46% of deep subprime balances are paid off during the promotion period; *Id.* p. 108.

²⁵ KHN, “100 Million People in America Are Saddled With Health Care Debt,” Noam N. Levey, June 16, 2022, <https://khn.org/news/article/diagnosis-debt-investigation-100-million-americans-hidden-medical-debt/>.

²⁶ CFPB, “CFPB Orders GE CareCredit to Refund \$34.1 Million for Deceptive Health-Care Credit Card Enrollment,” press release, December 10, 2013, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-ge-carecredit-to-refund-34-1-million-for-deceptive-health-care-credit-card-enrollment/>.

²⁷ *Id.*

²⁸ *Id.*

²⁹ Crain’s Chicago Business, “Hospitals pitch plastic to patients facing costly treatments,” Katherine Davis, September 1, 2022, <https://www.chicagobusiness.com/health-care/hospitals-medical-credit-cards-patients-afford-treatment>.

³⁰ Advisory Board, “More hospitals are promoting loans and credit cards. Is that good for patients?,” February 26, 2018, <https://www.advisory.com/daily-briefing/2018/02/26/bank-loans>.

³¹ Crain’s Chicago Business, “Hospitals pitch plastic to patients facing costly treatments,” Katherine Davis, September 1, 2022, <https://www.chicagobusiness.com/health-care/hospitals-medical-credit-cards-patients-afford-treatment>.

their debt is considered credit card debt and as such is “viewed less favorably by the bureaus.”³²


As we work to reform our health care system so no individual faces medical debt, we remain concerned about circumstances that serve only to exacerbate financial harm of unaffordable healthcare. Given our concerns about medical credit cards and potential financial harm can have on patients, we request that you provide answers to the following questions no later than January 12, 2023:

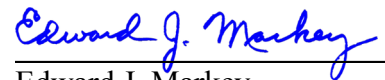
1. How many active medical credit card accounts and card holders do you have? Please provide a state-by-state breakdown.
2. What is the average balance on the medical credit card?
3. What is the average interest rate for card holders? What is the maximum interest rate?
4. What was the average rate as of January 1, 2022?
5. What was the average rate as of January 1, 2021?
6. How long does the average medical credit card holder take to pay off the balance? How many accounts are in collections?
7. What percentage of the time do patients end up paying list or “chargemaster” prices for services when they are charged to medical credit cards?
8. How many medical credit card accounts have had a balance subject to a deferred interest promotion? How many of those accounts ended up being charged deferred interest?
9. What’s the breakdown of interest and fees on medical credit card loans by specialty?
10. How many medical credit card holders enter delinquency? What is the delinquency rate for all other credit cards?
11. How many hospitals and providers do you partner with?
12. What is the nature of your paid endorsement arrangements with hospitals, providers, and any other health care partners? Are consumers who sign up for these credit cards informed of the exact nature of these paid endorsements?
13. Please list all partnered hospitals and providers and where they are located. Please include the terms and conditions of the arrangements with these hospitals and providers in exchange for using your medical credit cards, including financial terms such as paid endorsements and whether you or the provider receive a referral fee.
14. Please list any and all partnered health associations and groups. How many of them and which are paid endorsements? Please include the terms and conditions of all paid endorsements with these associations and groups in exchange for using your medical credit cards.


³² *Id.*


15. What training do you offer providers and their staff to ensure the terms of the medical credit card are clear to patients, if any?
16. Are there any contract terms addressing the needs of patients who paid for services with a medical credit card, but are in fact eligible for reduced cost or free care under a hospital's financial assistance obligations?


Sincerely,


Elizabeth Warren
United States Senator


Edward J. Markey
United States Senator


Bernard Sanders
United States Senator


Christopher S. Murphy
United States Senator


Sherrod Brown
United States Senator