

Professor Gray was interviewed by Channel 11 in a story on special credit cards that can be used only for medical needs. The video can be accessed here:

<http://www.khou.com/video/featured-videos/Video-Special-credit-cards-leave-some-patients-financially-ill-69651002.html>

Special credit cards leave some patients financially ill  
by Jeremy Rogalski / 11 News Defenders

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HOUSTON -- Peggy Ritch was a worried mother.

"I got concerned about my daughter because she had bad teeth," she said.

But the 74-year-old retiree from Arlington wasn't exactly rich herself, so she wrote a letter to a local dentist's office, asking "in any way you know, if they wanted to help me."

But be careful what you wish for. Several weeks later, a credit card suddenly appeared in her mailbox.

It was a card with a mystery, because:

11 News: "Had you signed up for it?"

Rich: "No I didn't sign up for it. I didn't give the authority, permission to do anything."

But with no other way to pay, Ritch went ahead and used the card for her daughter's dental work. But she said the dental office never explained the hazardous financing terms.

"I was in the dark," Ritch said. "To me, I look at it as being fraud."

"This is just not right," said Professor Patricia Gray, with the Health Law & Policy Institute at the University of Houston.

Gray and other health law experts say what happened to Ritch is one example of a growing national problem.

"We set them up for some sort of predatory financing system, that's just wrong, that's wrong," Gray said.

It's what's being called the medical debt revolution. While credit is drying up everywhere, lenders are teaming up with dentists and doctors to push special credit cards that can be used only for medical needs. But what looks like a simple way to get healthy, can leave you financially ill.

"Consumers are being taken advantage of," Gray said.

"Providers' first duty is do no harm to the patient," she said.

But the professor and former Texas state representative said offering health care credit cards can blur the traditional lines of responsibility..

"The provider is no longer thinking of their responsibility to the patient, they're thinking about their own bank book first," Gray said.

Ron Bennett would know.

"When you're in pain, you're trying to find a way to relieve it," he said.

Bennett had a cracked tooth. So when his dentist offered a medical charge card from GE Money CareCredit, one of the biggest medical credit companies in the nation, he took it and its \$8,400 credit limit.

"Next thing I know the credit card has been maxed out," Bennett said. "By the dentist."

Records show his dentist charged Bennett for his entire treatment plan before it had even been done.

"I was very angry," Bennett said.

Gray said it's a common practice, called pre-billing.

"You get billed for all of these services at once even though you may not get them until the end of the year," Gray said.

But your dentist or doctor gets paid from the get-go. Credit companies use it as a selling point to health providers and as a way to prevent patients from backing out of a treatment.

At a Houston-area dental office, the 11 News Defenders' hidden cameras caught a CareCredit salesperson making her pitch.

"I would go ahead and try to do, total up the charge, the total amount because patients feel more obligated because they've already paid for it. Ha ha ha," the sales representative told the dentist.

"You're going to get your money up front," the representative added.

The Defenders discovered pre-billing can create more pitfalls.

"I'm stuck!" said consumer Deanna Bolbecker.

Bolbecker signed up with a laser treatment center to remove age spots, but wasn't satisfied with the quality of service.

"Not only did they not get rid of my age spots, I have new ones," she said.

Bolbecker disputed the charges, but then ran into a brick wall of sorts.

"They had closed their doors all across the nation," she said.

The laser treatment company went bankrupt. And remember, it already had been paid upfront by GE Money CareCredit, which at that point Bolbecker claims, wouldn't help her.

"It was not right, it was not fair," she said.

The Defenders discovered other ways consumers can lose. When you use a general credit card at a store, the business pays the bank a processing fee of around 3 percent of your purchase. But CareCredit charges doctors much more—a 13.5 percent fee of what gets charged—if they give patients a year and a half no interest financing.

But that fee drops, to 5 percent, if the patient accepts a two-year or longer payment plan, that now costs the patient 13.9 percent interest financing.

Good for the credit company, better for the doctor, but not so good for the patient.

So what does our CareCredit sales representative advise our dentist?

"There's no way that I would offer anybody 18 months no interest, and I shouldn't say that because I'm a CareCredit representative, but 13.5 percent that I'm paying for you to take it at interest free, I don't think so! Ha ha ha. As a business standpoint, that's too high," the CareCredit salesperson said.

For Professor Gray, the whole set-up ends up putting the patient last.

"If I were a health care provider, I'd want to think long and hard before I stepped off into this minefield," Gray said.

The irony?

Well-respected national organizations like the American Dental Association officially endorse the CareCredit charge card. But the fine print there? CareCredit pays the ADA a fee for that endorsement, every year.

Back to the case of Peggy Ritch:

"(I'm) very very upset about this situation," she said. "I didn't know if it was 12 months, 18 months, 36, whatever."

Ritch said no one ever explained the financing terms. Even though she paid on the account every month, she didn't know what would happen if she didn't pay off the entire balance on time: a retroactive interest rate of 29 percent.

The result?

"It started off at \$2,400, now my balance is at \$3,067," Ritch said.

11 News: "How does that make you feel?"

Ritch: "Like I've been used."

A spokesperson for GE Money CareCredit said it never received a formal complaint from Ritch and were unaware of her concerns. The company claimed Ritch was sent regular statements clearly detailing the account and financing terms, and claimed Ritch was late on three monthly payments, which resulted in the early cancellation of her no-interest promotion. The company also said Ritch stopped making payments even though statements reflecting an outstanding balance continued to be sent to her. In June 2009, the company had to charge off the amount of \$3,067 on her account. However, later it notified all of the credit reporting agencies that Ritch's account was "in good standing".

In the case of Ron Bennett, CareCredit said Bennett received four documents confirming his total balance of \$8,400, including a sales slip, a welcome kit from CareCredit, and two billing statements. A company spokesperson said after learning Bennett had stopped treatment, the company credited his account for \$7,077, leaving a balance reflecting only the charges for treatment he received.

CareCredit said Deanna Bolbecker had signed a document with the laser treatment center that included a "results may vary" clause. Nonetheless, CareCredit said it acted in good faith and agreed to write off her account balance, update her credit report to reflect no balance owed, and close her account.

Regarding the undercover video excerpts, a company spokesperson said they are not representative of CareCredit's practice enrollment and training policy.

"When and where we find instances of individuals—providers, representatives or otherwise—operate outside of our policies, we take swift and decisive action, including the possibility of termination from our network or program," said Cristy Williams, GE Money CareCredit spokesperson.

Williams added the vast majority of its customers have been satisfied with the programs CareCredit offers.

"Ninety percent of cardholders tell us that CareCredit meets or exceeds their expectations, and more than 95 percent rate CareCredit as a fair to excellent value," Williams said.

"More than 50 percent of CareCredit transactions come from existing cardholders who are using the program for the second or third time. In addition, over 80 percent of our cardholders with a deferred interest plan never pay interest on their transaction. We have thousands of unsolicited letters, cards and testimonials from accountholders who value the CareCredit program and who have shared information about their positive experience," Williams said.

A spokesperson for the American Dental Association said it believes it is important that dentists and patients are fully informed about the terms and conditions of this independent financing program prior to patients using it.

"Dental office staff should encourage patients to understand clearly and thoroughly the terms to which they are agreeing, and to contact CareCredit directly prior to signing an agreement if they do not fully understand that agreement," said Dr. Ronald K. Tankersley, ADA President.

The ADA would not disclose the amount it receives from CareCredit for its endorsement of the credit card company, other than to say it is "revenue that helps support the mission of the ADA."

In a written statement, the company did say its charitable arm, The ADA Foundation, has received \$330,000 in grants from CareCredit in support of its Give Kids A Smile program, a national initiative to provide needed dental treatment to children from low-income families.