

S09-Ep08 Credit Card Please

Dan: Hey there--

A listener named Lynn got in touch after she signed up for a dermatology appointment. When we talked, the story came rushing out.

Lynn M: **I don't go to doctors at all, but I'm getting old and getting so many marks on my body and I've lived in Arizona for 47 years, so I better go to skin check.**

Dan: Sure. She was a new patient, so there were forms.

And one of the forms says: Oh, yeah, we're gonna need to you to put a credit card on file with us.

Lynn reads it to me

Lynn M: **Well it says, uh, committed to providing you with exceptional patient care. We endeavor to make our billing processes simple as e efficient, yabbity yabbita.**

Dan: Yeah, it says: We'll run your insurance, and whatever they say is your responsibility, we'll just charge it to your card. Easy-peasy. We'll never even send you a bill! Your insurance company will send you a note about how the claim got resolved -- and how much we've charged you. You think there's a problem? Call your insurance company.

I asked Lynn: When you read all this, what did you think? What went through your mind?

Lynn M: **I said, I'm not giving you this. I don't want anything run through on my card that I haven't checked out**

Dan: Yep! I mean, Lynn listens to this show. She had at least a couple of months before her appointment to figure out what to do -- note to self, dermatologists get booked up in advance -- and she wondered if we had any advice.

And I wondered, as I've wondered before: Can they freaking DO that?!? Can they make you put a credit card down before they even see you?

I mean, in this case, it sounds like they're asking for a blank check.

And what if you're not just going in for a skin check? If you've got a major medical need -- like, you need surgery, maybe right now, like your appendix is bursting-- can they basically hold you for ransom?

You probably already know: People DO get asked for that kind of payment upfront.

And if you don't have what let's just call the ransom amount on you, maybe they'll arrange for somebody to "lend" it to you-- maybe on terms that have some dangerous looking fine print, which you may not be in a position to evaluate...

I'm gonna tell you: We go some dark places in this episode, but the news isn't all bad

This is An Arm and a Leg, a show about why health care costs so freaking much, and what we can maybe do about it. I'm Dan Weissmann. I'm a reporter, and I like a challenge. So our job on this show is to take one of the most enraging, terrifying, depressing parts of American life, and bring you something entertaining, empowering, and useful.

So, let's start with the case of: This dermatology office, or whoever, wants a credit card to keep on file.

One thing is perfectly clear: They can ask. This kind of thing comes up.

And here's one response I really like:

Teresa Murray: there's not a chance in God's green earth that I would leave a credit card or a debit card with a doctor's office or a dentist's office. Are you actually kidding me?

Dan: That is Teresa Murray. She encountered this question in 2013, when she was a professional advice-giver -- in her role as personal finance columnist for the Cleveland Plain Dealer. A reader wrote in--they'd been asked to leave a credit card on file.

Teresa wrote in her column that the chances she personally would comply were a big, fat hairy zero. She says she's even firmer in that opinion today.

Teresa Murray: I mean, you're not gonna give anybody a blank check like that. You don't go to the grocery store and give 'em your credit card or your debit card up front. It's like you go through the checkout and then you pay and it's like, oh, hey, the apples were on sale and it didn't ring up right? And you can flag things before it actually goes through.

Dan: There's an exception these days, right? , I dunno if you've seen this in Cleveland yet, but there's one a couple miles from me. Uh, Amazon is setting up grocery stores and they're like, oh yeah, skip the checkout. We've got your credit card. We know what you took.

Teresa Murray: yeah. Well, I mean, you know, if that, if that's how you roll, then that's fine. But the problem with the doctor's office or, or a office, or God forbid, a hospital, is, , you get charged and you don't even know what all this stuff is. You don't have that opportunity to say, wait a minute, this isn't right. You probably don't, can't read their codes anyway, and they may start trying to charge you for things that were not allowed by your insurance and that you didn't authorize and it's just a hot mess.

Dan: I tell Teresa, yeah: Former ProPublica reporter Marshall Allen wrote a book about fighting medical bills an the TITLE OF THE BOOK was "Never Pay the First Bill."

Because errors come up all the time. Depending on whose studies or estimates you're listening to, it could be ten percent, or forty nine percent, or eighty percent.

If I thought the chances were even one in ten that the apples weren't going to ring up right -- and that they'd ring up at hundreds of dollars apiece-- that doesn't seem like a bet I'd want to make.

Teresa Murray: why would you say, well, you know, if something goes wrong, I can just sort it out. Okay, well, who has time for that? Who has time to spend with disputing charges? Who has time for that kind of mess?

Dan: Yeah, not me. But this sort of thing DEFINITELY comes up. After Teresa published that reader's letter and her response about the big, fat hairy zero, more than a hundred and twenty readers wrote in about similar experiences.

Teresa's bottom line didn't change.

Teresa Murray: if anybody were to ever ask me, Hey, we need to have your credit card or debit card on file. I'd be like, no dude, you don't need my business.

Dan: But. What if you don't have that many other options? Not everybody lives in a big city where there are a lot of doctors.

Teresa had an answer for that back in 2013. A prepaid debit card. She has a couple.

Teresa Murray: like one of 'em has \$9 on it, so that's the one that we use when we wanna reserve a hotel room, or like, you know, you go to play pool and they want you to leave a, a credit card, you know, so you don't steal the balls and the cue stick and stuff.

Dan: And that's what she'd give a doctor's office, if they insisted they had to keep something on file.

By the way, Teresa Murray isn't at the Cleveland Plain Dealer anymore. These days she's a consumer watchdog for a non-profit called PIRG: The Public Interest Research Group.

She says that means she's still educating consumers on our rights. And pushing directly on governments and corporations, as she puts it, to act right.

Teresa Murray: I oftentimes tell people that I bang pots and pans, you know, when things go wrong, I bang pots and pans. It's like, wait a minute, this is not how it's supposed to be.

Dan: PIRG did a lot of work lobbying for the No Surprises Act, which made a lot of surprise medical bills illegal starting last year. I think I'm a fan.

And our listener Lynn says that so far, she seems to have found a simple work-around: She just called and asked if she really HAD to sign over a credit card.

Lynn M: I said, will the doctor still treat me if I don't sign this? And they said, yes, they will.

Dan: Lynn says they told her: That's just for "ease of payment"

Lynn M: They made it sound like it was for ease for me. You know, to make my life easier.

Dan: So, she told them, no thanks.

And all of this is great, but: What if you're not booking a dermatology appointment three months out?

What if you need surgery?

That's right after this:

This episode of An Arm and a Leg is produced in partnership with KFF Health News-- that's a nonprofit newsroom covering health care in America. Their work is terrific, and I am so pleased to work with them. We'll have a little more information about KFF Health News at the end of this episode.

So, providers asking for payment upfront has become pretty common. And if you're wondering what could possibly go wrong, here's Noah Nielsen. He works for the National Weather Service, part of a bigger federal agency that makes it fun for him to introduce himself.

Noah Nielsen: So my name is Noah and I work for NOAA, which is the National Ocean and Atmospheric Administration.

Dan: I love that you say, I'm Noah and I work for Noah. That's excellent. that must happen at parties a lot.

Noah Nielsen: A lot. A lot.

Dan: Noah needed hernia surgery last year. He got a call ahead of time from a financial counselor, who said they were gonna estimate what his share would be, after insurance. And when he came in for surgery, they asked him for... 585 bucks. Which he paid.

Noah Nielsen: they gave me a tiny little gas station receipt

Dan: And a few weeks later, he got his insurance statement, which said Noah's share was... 225 bucks. He had overpaid by three hundred sixty dollars.

He wasn't worried, at first. He gave the folks at the surgery center a few weeks, eventually called and said, "Hey, I think you owe me some money."

Noah Nielsen: And the first thing that they told me was, well, we actually don't have the payment from your insurance company. And I thought, well that's, that's kind of weird.

Dan: Because his insurance statement said, "We've paid our share of this." Noah's patient. He gave it a few more weeks, then started calling the billing office again.

Noah Nielsen: And asked repeatedly, uh, you know, can you escalate this?

Dan: And again.

Noah Nielsen: can I talk to a supervisor?

Dan: And-- sorry, this part may be triggering -- again.

Noah Nielsen: They won't let you talk to a supervisor. They just say that they'll, um, put in a ticket for someone to call you back.

No one ever, ever, ever called me back.

Dan: Eventually, he called his insurance company to make sure they'd paid, they were like, "We totally did." He got someone from the insurance company to call the billing office while he sat in -- a three way call. The billing office was like,

Noah Nielsen: okay, well we're going to, you know, investigate this, um, we're gonna track it down.

Dan: But apparently they didn't. After another few weeks, Noah was, as he puts it, blowing everyone up.

The billing people. The desk staff at the clinic. And eventually, the state attorney general.

Noah Nielsen: We have a really good attorney general who, you know, if you were sending a complaint about any type of business, they reach out to the lawyers on their side to get them to respond.

Dan: And Noah let everybody on the other side know: You'll be hearing from the state AG's office soon.

And hey presto! They found the money, and they gave him a refund.

I mean, on the one side, this is a great success story: Noah got the problem solved, with help from that state AG's office.

But those folks kept his money for five months. He estimates he called the billing office at least 10 times. Another four or five calls to his insurance company. Another few calls to the clinic itself.

And Noah happens to live in a state -- Washington -- where the AG's office is available for this kind of thing. And he knew it.

And Noah thinks his job experience gives him a leg up. You know what he does for the National Weather Service? He manages contracts.

Noah Nielsen: I'm all about, terms and conditions. You know, someone, submits a payment. Someone submits an invoice, if there's money left over, you have to refund that back. So just knowing like the laws and how they generally work, I think really helped me out.

Dan: He does have a big regret: Not paying more attention to online reviews for that surgery center. Because he did look ahead of time:

Noah Nielsen: there were so many people complaining about this process that they had to prepay to, you know, get their surgery and a lot of people had, the same issue that it took forever to get the refund. And I read that and I thought, oh, that's not gonna happen to me. I, I, my insurance is pretty good.

Dan: Ouch. Yeah. So that's a lesson: Good insurance by itself doesn't do the job if we've already handed over our money.

And I've actually got another lesson -- a brighter spot, by far. Something that COULD really help.

But first, let's go someplace really dark. Because sometimes, if you're asked to pay upfront, the amount might not be the kind of money you can actually cough up.

Lots of people have deductibles --amounts we have to pay before our insurance kicks in-- in the thousands of dollars. And not everybody has thousands of dollars just lying around.

So, one thing that's more and more common is: Providers aren't just asking for your credit card information. They're offering you credit cards and financing plans -- lines of credit just to pay for medical care. And the terms can be pretty rough.

Elisabeth Rosenthal: Yeah, it's evil.

Dan: That's Elisabeth Rosenthal, senior contributing editor for our pals at KFF Health News.

Elisabeth Rosenthal: You know, this is a relatively young, new industry that developed pretty much from whole cloth in the last five years to exploit sick people.

Dan: She has been watching it grow.

Elisabeth Rosenthal: we had done a story maybe five years ago about, representatives from a credit card company, being in an emergency room and offering patients. Cards, or loans there. And, you know, we wrote a story about it, as if it were an outlier. Like, isn't this crazy?

Dan: And yes, actually, that is pretty crazy-- hocking you for a credit card while you're in the ER?

Except... maybe no longer so unusual. Last year, KFF did a huge series about medical debt in America. Spoiler alert, there's a LOT of it, holy crap. You almost don't wanna know.

And one of the big pieces of news in it was: These medical credit cards and financing plans had exploded since 2017.

Elisabeth Rosenthal: What then seemed to be like, oh, isn't this a quirky, weird story? It's just now spread everywhere. Debt is not a weird, unusual byproduct. It's a core business of American healthcare.

Dan: Huge. The Consumer Financial Protection Bureau, the feds, did a report on it last month. It said that one of the big players, Care Credit, is accepted at more than a quarter-million locations.

And one thing that hasn't changed: The place where you're most likely to get an offer is the doctor's office, or the hospital where you're being seen.

Elisabeth Rosenthal says more hospitals used to offer no-interest payment plans in-house. Which was a lot of work. And not a moneymaker. So...

Elisabeth Rosenthal: Companies came to them and said, hey, we'll take this nasty business off your hands. You don't wanna be dealing with patients who can't pay their bills. We'll set up these credit cards . And you know, the hospitals are just happy to kind of outsource this ugly business

Dan: One interesting thing in that federal report: Hospitals seem to actually pay a fee to the financing companies; so it really does seem like they're just trying to outsource a job they don't wanna do.

Meanwhile, the financing companies are raking it in. The feds say the average interest rate on medical credit cards and financing plans is 27 percent.

Which not only sounds like a lot, it's a lot even for credit cards: The feds say the average rate for regular credit cards is 16 percent. Which is a LOT. And this is a lot more.

EXCEPT: That's not the number you see upfront. What you see is no interest for 6 months, or 12, or 18.

Somewhere in the fine print, if you can decipher it, is the bad news:

Elisabeth Rosenthal: it's not zero interest, it may be zero interest as a teaser,

Dan: If the balance isn't paid in full before that no-interest period runs out... they'll hit you with back interest on the full original amount.

So, the bill was a thousand bucks, and you've only got a hundred bucks left to pay? Oops! Let's tack another 270 on there. And chop-chop-- we're gonna charge you interest on the interest too.

Elisabeth Rosenthal: and then, you know, you're in a sand trap that you're never gonna get out of.

Dan: It's a big business. Synchrony Financial, which owns CareCredit, is a publicly traded company valued at 14 billion dollars. If you're a capitalist, this kind of outfit does sound like a good investment.

Elisabeth Rosenthal: **Their profit margins, top 29%. and I don't blame them in the sense that they're set up to offer people credit and, and make money doing it. Right. That's why they exist. Now, should they be allowed to, sell their wares in hospital emergency rooms? I don't think that's right. You know, that's my opinion.**

Dan: I'm not gonna argue.

And the feds seem inclined to agree. One of their findings:

Quote: Many people who sign up for medical financing in doctor's offices and hospitals may otherwise be eligible to receive financial assistance or charity care that medical providers may offer or otherwise be required to offer under federal, state, or local law. Unquote.

Argh.

The feds also found that -- big surprise-- the super-high interest and the teaser rates often caught people by surprise, weren't well-explained.

Which sounds a LOT like something the feds have actually stepped in and done something about before.

Ten years ago, the same federal agency issuing this report, the CFPB, ordered one of these exact companies, CareCredit, to refund 34 million dollars to folks it had taken in through deceptive marketing.

I asked the CFPB if, now that the industry is so much bigger, they might step in again. They said, no comment.

CareCredit did send us a statement that said: "Protecting consumers is of paramount importance and we are committed to continue to educate all stakeholders about the fair and transparent way we offer our products."

And their website -- if you look in the right places-- does explain things like "deferred interest." OK then.

One final word from Elisabeth Rosenthal on all that, and then I've got what I think is some good news for you.

Elisabeth Rosenthal: as a country, we have to decide, is this something we want to allow to exist without regulation and without guardrails? And that's why I'm glad the C F P B is stepping in to start looking at this at least. Um, but I think there's a long way to go.

Dan: So, yeah. They've issued a new report, but no enforcement action yet. Like she says, that's "a long way to go." and it all sounds like some dark stuff.

But here's what else.

First, well: If anybody tries to offer you one of those medical credit cards or financing plans, NOW YOU KNOW. And you can spread the word. Teaser rates. 27 percent interest, back-dated. Elisabeth Rosenthal called them evil. Let people know.

Second, to come back to the big question we started with: Can a doctor or a hospital MAKE you pay them upfront? Even if it means taking out some possibly-evil medical credit card?

Because the answer seems to be: Not always. Specifically, not if you've got insurance. And not if they're in your insurance network.

I called my number-one insurance nerd, Louise Norris. She's a health policy analyst for health insurance dot org. She was packing to go on vacation-- everybody deserves a vacation-- so she responded by email, and she said:

Commercial insurance contracts generally prohibit providers from requiring payment upfront, except for the kind of co-pays that are spelled out in your insurance documents, like 30 bucks for an office visit.

Which, she said, doesn't mean providers can't ASK, or even RECOMMEND that you pay upfront, maybe fork over your whole deductible.

But generally they can't MAKE you.

Now she said generally -- it's a big country, a lot of murky stuff out there. But if a hospital or a doc says they want payment upfront, You can try just saying no. I'd like you to bill me once insurance has figured out their part.

And once I learned that, it put a personal experience into perspective. I've got a congenital heart condition, it doesn't affect me, knock-wood, but I need it checked every year. The tests are expensive, so we carry good insurance, BUT

One time a few years ago, they said, "Hey, your share's going to be this-many-hundreds-of-dollars. Can we get that upfront?"

And I was like, "Ugh, yeah, ok." I mean, I was there. And guess what? In the end, they were wrong. My share was a couple hundred dollars less than they got from me.

Getting my money back didn't take me as much work as it took Noah from NOAA, but I got super-mad about the whole thing anyway.

So next time they asked me to pay upfront, I just said, "Can you just bill me after the insurance figures out my share?" And they said, "OK."

So, let's recap:

Can they make you pay upfront? They can ASK. They may offer to "make it easy for you" with medical credit cards and financing plans that Elisabeth Rosenthal calls "evil."

But if they are in your insurance network, they probably can't MAKE you.

Probably. And at least sometimes, you can just tell them, "I'd rather not."

Me, I've heard worse news.

I'll catch you in a few weeks. Till then, take care of yourself.

This episode of An Arm and a Leg was produced by me, Dan Weissmann, with help from Emily Pisacreta and Bella Cjzkowski, and edited by Ellen Weiss.

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An Arm and a Leg is produced in partnership with KFF Health News--formerly known as Kaiser Health News.

That's a national newsroom producing in-depth journalism about health care in America, and a core program at KFF — an independent source of health policy research, polling, and journalism.

And yes, you did hear the name Kaiser in there, and no: KFF isn't affiliated with the health care giant Kaiser Permanente. You can learn more about KFF Health News at [arm and a leg show dot com](http://armandalegshow.com), slash KFF.

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Thank you!