

US senators hold a magnifying glass over medical credit card providers

Article

The news: Senators requested information from **Synchrony** and **Wells Fargo** regarding their credit cards designed for medical expenses.

- Sens. Elizabeth Warren (D-MA), Edward Markey (D-MA), Chris Murphy (D-CT), Sherrod Brown (D-OH), and Bernie Sanders (I-VT) cited concerns about how issuers and medical providers promote these cards in a letter sent last week.
- The senators requested a response by January 12. The letter included questions about the average amount of interest charged to customers, the number of cardholders who enter delinquency, and the number of medical partners issuers work with.

Synchrony told Bloomberg that it offers products responsibly with “clear, simple, and transparent terms” and that it’s working with senators and public officials to respond to the information request.

Digging deeper: The senators want to shed light on potentially harmful and predatory behavior in the medical payments space.

- They said issuers and hospitals have employed deceptive credit card promotions like pitching “no-interest” medical credit cards that are actually deferred interest plans.
- They also said patients aren’t always given sufficient information to understand what they signed up for.
- In other cases, providers have pitched patients credit cards moments before a medical procedure—a time when their judgment may be impaired.

Why it matters: Affordability is a major problem in the US healthcare system. **Forty-one percent of US adults are in healthcare-related debt**, according to Kaiser Health News. **US medical debt topped \$195 billion in 2019.**

Financial institutions (FI) and fintechs have sought to close the gap between what patients can afford versus the cost of medical care with credit cards and—more recently—with buy now, pay later (BNPL) products.

- Synchrony’s CareCredit and Wells Fargo’s Health Advantage credit cards are two of the most popular medical cards. In 2021, Synchrony’s health and wellness offerings—which include CareCredit—**generated \$2.3 billion in interest and fees.**
- And BNPL firms like **Afterpay** and **Sezzle** have **forged partnerships with healthcare providers.** Newer fintechs like **Walnut** have also **entered the fold.**

But closing this gap has raised concerns that some of these products may be doing more harm than good, particularly for financially vulnerable patients. The senators pointed out that

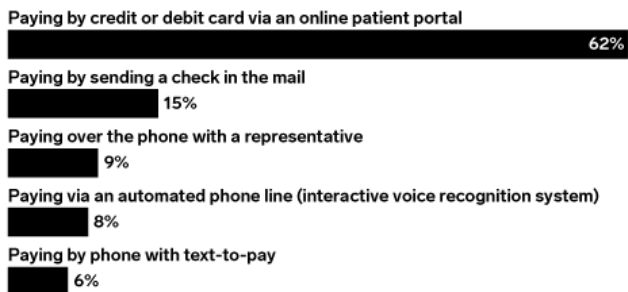
some patients may go for a medical credit card or loan because they're unaware of more affordable and less risky options at their disposal—like charity care.

Senators aren't the only ones paying attention to medical credit cards—the **Consumer Financial Protection Bureau** has also had them [on their radar](#), though the agency hasn't taken any action toward providers.

The big takeaway: The information provided to senators can shed light on how issuers in the medical sector operate—and could lead to a larger probe from regulators.

Which Method Would US Health Consumers Prefer to Pay Medical Bills?

% of respondents, Spring 2022



Note: ages of 26–65 with incomes between \$25K and \$200K and who paid a medical bill online within the last 18 months

Source: Salucro, "2022 Trends in Patient Payment Communications," Aug 9, 2022

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