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Connecticut General Assembly
Committee on General Law

In Support of House Bill 5127
An Act Concerning Medical Credit Cards

February 18, 2026

Americans for Financial Reform supports House Bill 5127 with amendments. This bill is an essential measure to protect Connecticut patients from the harmful financial practices associated with medical credit cards. This bill prohibits health and veterinary providers from marketing medical credit cards, receiving incentives for their promotion, or charging them for services before they are rendered. It also requires providers to disclose financial risks to consumers upon request and establishes a 30-day refund window for ancillary products purchased with such cards.

Americans for Financial Reform is a nonpartisan and nonprofit coalition founded in the wake of the 2008 financial crisis by more than 200 civil rights, consumer, labor, faith-based, civic and community groups. We are working to lay the foundation for a strong, stable, and ethical financial system, including with regard to financial products like medical credit cards.

Medical debt erodes families' financial security.

People accrue medical debt when they lack the financial resources to pay for medical care. Today, 15 million consumers have medical debt collections on their credit reports that average at least \$3,100.¹ Nearly 140 million people in the United States have faced medical financial hardship because of out-of-pocket health care bills.² This hardship can erode savings, cause families to cut back on essential expenses such as food, cause stress and anxiety, negatively impact credit scores, and more. The consequences can be dire. A 2019 study found that two-thirds of U.S. bankruptcies were related to medical expenses or medical-related work loss—over 500,000 medical bankruptcies annually.³

Medical debt disproportionately impacts families and communities of color.

Discrimination inherent in federal, state, and local housing, employment, and health care policies and programs, alone and in combination, has contributed to Black and Latine families having lower incomes and household wealth, greater health care needs, less insurance coverage, and less access to affordable, quality care, all of which leads to higher levels of medical debt. Black families are nearly twice as likely to have medical debt as white families and Latine families are 14 percent more likely (Black 13 percent, Latine 8 percent, and white 7 percent).⁴ More than 40 percent of families and half of Black and Latine

¹ Sandler, Ryan and Zachary Blizard. Consumer Financial Protection Bureau. *Recent Changes in Medical Collections on Consumer Credit Reports*. March 2024 at 3.

² Yabroff, K. Ret al. *Prevalence and correlates of medical financial hardship in the USA*. *Journal of General Internal Medicine*, 34(8). 2019 at 1501.

³ David U. Himmelstein et al. *Medical Bankruptcy: Still Common Despite the Affordable Care Act*. *American Journal of Public Health* (109). 2019 at 431.

⁴ Rakshit, Shameek et al. *The Burden of Medical Debt in the United States*. KFF. Feb. 12, 2024.

families (56 percent and 50 percent, respectively) report outstanding medical bills on credit cards or owed to family members as well as medical debt in collections.⁵

Medical credit cards are a risky option.

Medical credit cards are specialty credit cards that are often marketed in provider offices to provide patient financing. The shortcomings in the health care and health insurance systems mean that patients can be essentially captive consumers and extremely vulnerable to unfair and expensive credit products. These cards were first marketed for elective procedures before expanding into a multibillion-dollar industry covering everything from emergency care to veterinary bills. Now, according to the CFPB, people used medical credit cards or loans with deferred interest periods to pay for almost \$23 billion in healthcare expenses for more than 17 million medical purchases from 2018 to 2020. They also paid \$1 billion in deferred interest.⁶

The cards carry with them huge financial risks. High-pressure marketing in clinical settings often pushes vulnerable patients toward medical credit cards during emergencies, when they are least likely to understand the terms. Healthcare providers may prioritize immediate payment over informing patients about legally-mandated financial assistance or charity care. Once these cards are used, patients frequently lose their ability to dispute billing errors or negotiate costs directly with the provider. Furthermore, the zero percent deferred interest model becomes a debt trap, often triggering very high retroactive interest rates if the balance is not paid in full by a deadline. And unlike medical debt, charges on these cards also increase a person's credit utilization rate that can suppress credit scores and can lead to late payments that can remain on a person's credit report for seven years even if balances are later repaid in full.

Complaints sent to the CFPB by Connecticut consumers who are using these cards highlight that these practices often lead to unauthorized charges,⁷ inaccurate information on a credit report,⁸ difficulty getting refunds after a cancelled procedure,⁹ and misleading advertising regarding promotional periods.¹⁰ These systemic issues suggest that medical credit cards frequently cause significant financial harm to consumers.

Medical credit cards sidestep the limited protections against medical debt abuse in place now. These cards may also circumvent the benefits of Connecticut's prohibition on reporting medical debt to credit reports and other protections since they are treated as revolving credit cards rather than traditional medical debt.¹¹ Likewise, charges on these cards are not covered by even the voluntary medical debt protections put in place by credit reporting agencies including the current policy to remove medical debts of less than \$500.¹²

⁵ Lopes, Lunna et al. KFF. *Health Care Debt in the U.S.: The Broad Consequences of Medical and Dental Bills*. 2022.

⁶ Consumer Financial Protection Bureau. *Medical Credit Cards and Financing Plans*. May 2023 at 2.

Consumer Financial Protection Bureau. *Consumer Complaint No. 13332653*. May 5, 2025.

⁸ *Consumer Complaint No. 14683931*. Jul. 16, 2025.

⁹ *Consumer Complaint No. 12213435*. Feb. 25, 2025.

¹⁰ *Consumer Complaint No. 8119560*. Jan. 7, 2024.

¹¹ Connecticut General Statute. § 19a-673b(1).

¹² Kosoglu, Rohini and Claire Noonan. Consumer Financial Protection Bureau. *Medical Debt: Anything Already Paid or Under \$500 Should No Longer Be on Your Credit Report*. Apr. 11, 2023.

House Bill 5127 addresses many of these harms by decoupling clinical care from high-interest financial products.

Americans for Financial Reform supports House Bill 5127 because it addresses many of these harms by decoupling clinical care from high-interest financial products. This bill targets the point-of-sale marketing of medical credit cards, specifically those that use deferred interest models. It also addresses the vulnerability of patients by prohibiting providers from acting as financial product recruiters during medical visits. It does so with several integral provisions:

- **Bans in-office marketing:** Healthcare and veterinary providers would be prohibited from advertising, soliciting, or offering medical credit cards directly to consumers in a clinical setting.
- **Restricts pre-charging:** Providers would be prohibited from charging a medical credit card for services that have not been performed yet.
- **Protects insured patients:** Providers would not be able to charge these cards for services they know are covered by insurance, Medicare, or Connecticut's HUSKY Health program without explicit written consent and disclosure.

Taken together, these protections and the others included in the bill will go a long way towards protecting people in Connecticut and setting a strong example for reform in other states.

House Bill 5127 should be strengthened to prevent evasions of the proposed protections.

We recommend two changes to the current bill:

- The bill currently exempts providers from charging a medical credit card for health care services if certain disclosures are provided by regulation.¹³ There is no need to have disclosure-based exemptions from the reasonable pre-charging prohibition and the protections provided to insured patients. This exemption should be removed.
- The bill also allows providers to disclose financial information concerning a medical credit card to a consumer in response to an unsolicited request.¹⁴ Without prior approval by the state regulator, written materials that ostensibly provide information about medical credit cards could easily contain exactly the kind of marketing materials this bill was designed to prohibit. These written materials may also of limited value and possibly anti-competitive unless materials were available for every possible medical credit card option. This exemption to the marketing prohibition should be removed.

Thank you again for considering these important protections. Please do not hesitate to contact me with any additional questions at tfeltner@ourfinancialsecurity.org or (202) 618-0310.

¹³ H.B. 5127, 2026 Connecticut General Assembly, Feb. Session. § 1(b)(1)(B).

¹⁴ *Id.* § 1(b)(2).