

Congress of the United States
Washington, DC 20515

April 26, 2013

The Honorable Gene L. Dodaro
Comptroller General of the United States
Government Accountability Office
441 G Street, NW, - Room 7100
Washington, DC 20548

Dear Mr. Dodaro:

We are writing to request that you review the marketplace for third-party consumer financial products and services – such as medical credit cards – targeted specifically at paying for medical procedures that typically are not covered by health insurance. Consumers use these products to pay for medical procedures ranging from dental work and chiropractic services to elective, cosmetic surgeries. We are concerned that rather than alleviating the pressure of medical bills, some of the products available in the current market may drive consumers further into debt.

A number of the consumers targeted for these financial products may be in vulnerable positions, such as patients who are in pain or seriously ill, the underinsured, uninsured, and senior citizens. Attorneys General in Massachusetts, New York, and Minnesota have conducted investigations alleging abusive lending practices or exploitation by some health care providers and financial firms offering third-party medical financing. In 2010, for example, the Attorney General of Massachusetts obtained a judgment against a dentist who coerced patients into costly treatments paid for by using third-party financing. The dentist billed for the entire cost of the services on the patients' first visit but then either failed to provide the services or provided poor quality treatment. As medical debt continues to place a heavy burden on millions of Americans, we need to gain a better understanding of the role played by consumer financial products and services that offer consumers seemingly quick fixes to cover the costs of medical treatment.

We request that the Government Accountability Office evaluate the prevalence of such medical credit products, the clarity and transparency of the terms and conditions associated with these products, and the costs, benefits, and risks these products and services pose to consumers. Your review should consider the following questions:

- 1) What is the general landscape of the marketplace for third-party financing options for health care services? For example:
 - What types of products are offered?
 - How many and what types of consumers use these products?
 - How do these products work?
 - Who are the major lenders or providers?

2) What potential benefits do these products and services have for consumers and what consumer protection concerns or other issues do they raise? For example:

- To what extent are the repayment terms and associated interest and fees reasonable?
- To what extent are these terms and conditions transparent and fully understood by consumers?
- What benefits or risks do they pose for consumers?
- What is the nature and extent of consumer complaints regarding these products and services received by the Federal Trade Commission, Consumer Financial Protection Bureau, other federal agencies, and selected state consumer protection offices?
- What are the characteristics of deferred interest plans prevalent among many of these products, and what issues do such plans raise?
- What is the nature and extent of benefits and incentives offered by third-party lenders to health care providers to encourage them to offer their customers these products, and what, if any issues do these incentives raise?

3) What is the legal and regulatory framework currently in place governing third-party consumer financial products and services targeted at covering medical costs, and what changes to this framework may be beneficial? For example:

- What consumer protection laws or regulations govern these products?
- What regulatory or enforcement activities have key federal and selected state agencies taken with regard to these products?
- What recourse do consumers have related to charges for services that were never provided?
- How did the Credit Card Accountability Responsibility and Disclosure Act of 2009 affect the market for third-party financing of health care services?
- What actions could federal agencies or Congress take to improve consumer protections for these products and services?

We look forward to working with you to identify areas in which the market for consumer financial products and services should be improved to ensure fairness and transparency for consumers.

Sincerely,



Edward J. Markey
Member
Committee on Energy and Commerce



Maxine Waters
Ranking Member
Committee on Financial Services

Elijah E. Cummings
Ranking Member
Committee on Oversight and
Government Reform