Date of Hearing: April 23, 2026

ASSEMBLY COMMITTEE ON BANKING AND FINANCE
Avelino Valencia, Chair
AB 2746 (Schiavo) – As Amended April 16, 2026

SUBJECT: Consumer debt: medical credit cards and medical debt

SUMMARY:

1) This bill prohibits deceptive practice related to medical credit card enrollment by requiring clear disclosures to specify that the product is a credit card and not a payment plan, as well as disclosure of the annual percentage rate.

2) This bill expands medical debt to include debt incurred on a credit card offered specifically for the payment of medical services, products, or devices, or if the credit card allows deferred interest purchases of a medical service, product or device.

3) Prohibit reporting of information from a medical credit card for purchases made at specified locations or merchants.

Specifically, **this bill**:

1) Defines "medical credit card" as a credit card issued under an open-end or closed-end plan offered specifically for the payment of medical services, products, or devices.

2) Requires, before entering a contract for a medical credit card with an individual, all of the following:

   a) Clear and conspicuous disclosure that the credit card is not a payment plan;

   b) Clear and conspicuous disclosure of the annual percentage rate applicable; and

   c) Express written consent to the terms, including the acknowledgement of the disclosures, by the individual to be bound.

3) Defines "medical debt" as related to, in whole or in part, a transaction, account, or balance arising from a medical service, product, or device.

   a) Excludes the following:

      i) A loan secured by real property.

      ii) Debt charged to a general purpose line of credit.

      iii) A general purpose unsecured installment loan.

      iv) Debt charged to a credit card unless either of the following applies:

         (1) The credit card is issued under an open-end or closed-end plan offered specifically for the payment of medical services, products, or devices.

(2) The credit card allows for deferred interest purchases of a medical service, product, or device.

4) Prohibits a consumer credit reporting agency from reporting debt from purchase originated from the following:

   a) An acute psychiatric hospital.

   b) A general acute care hospital.

   c) A special hospital.

   d) A pharmacy.

   e) A provider.

EXISTING LAW:

California

1) Defines "medical debt" to mean a debt owed by a consumer to a person whose primary business is providing medical services, products, or devices, or to the person's agent or assignee, for the provision of medical services, products, or devices. Medical debt includes, but is not limited to, medical bills that are not past due or that have been paid. Civil Code (Civ.Code) § 1785.3(j)(1).

   a) "Medical service, product, or device" does not include cosmetic surgery, as defined in Section 1367.63 of the Health and Safety Code. Civ.Code § 1785.3(j)(2).

2) Prohibits a person from furnishing information regarding a medical debt to a consumer credit reporting agency. Civ. Code § 1785.27(a).

3) Voids and makes unenforceable a medical debt that has been furnished to a CRA in knowing violation of the law. Civ. Code § 1785.27(b).

4) Makes it unlawful to enter into a written contract creating a medical debt that does not include the following term:

   a) "A holder of this medical debt contract is prohibited by Section 1785.27 of the Civil Code from furnishing any information related to this debt to a consumer credit reporting agency. In addition to any other penalties allowed by law, if a person knowingly violates that section by furnishing information regarding this debt to a consumer credit reporting agency, the debt shall be void and unenforceable." Civ. Code § 1785.27(c)(1).

   b) A written contract entered into on or after July 1, 2025, that does not include the term described in paragraph (1) is void and unenforceable. Civ. Code § 1785.27(c)(2).

5) Deems a violation of Civil Code Section 1785.27 (Medical Debt Credit Reporting) a violation of the law governing the license or permit of the person holding a license or permit issued by the state. Civ. Code § 1785.27(d).

Federal

1) Prohibits the reporting of specified time barred information and contact information of a medical information furnisher unless the furnisher's information is obscured by code or the report is provided for the purpose of engaging insurance other than property and casualty. 15 United States Code (U.S.C.) § 1681(c)(a).

2) Defines "medical information"

   a) To mean information or data, whether oral or recorded, in any form or medium, created by or derived from a health care provider or the consumer, that relates to:

      i) the past, present, or future physical, mental, or behavioral health or condition of an individual;

      ii) the provision of health care to an individual; or

      iii) the payment for the provision of health care to an individual.

   b) Does not include the age or gender of a consumer, demographic information about the consumer, including a consumer's residence address or e-mail address, or any other information about a consumer that does not relate to the physical, mental, or behavioral health or condition of a consumer, including the existence or value of any insurance policy. 15 U.S.C. section 1681a(i)

FISCAL EFFECT: **Unknown. This bill is keyed Fiscal by Legislative Counsel.**

COMMENTS:

1) Purpose

<u>*Statement from the Author*</u>

"The looming health insurance crisis will eliminate coverage for millions of Californians and push many into having to pay out of pocket. Medical credit cards offer a way for individuals to pay for unpredictable and important care on the spot. Medical debt is not an accurate predictor of one's ability to pay credit obligations compared to other types of debt because consumers have limited or no choice in the nature and timing of medical services they require to support their health, which is why California law prohibits the reporting of medical debt to credit agencies.

Unfortunately, state law does not include medical credit card debt within the definition of medical debt, opening the door for medical credit card companies to unfairly damage the credit score of Californians. By including medical credit card debt under the definition of medical debt, more Californians will have access to favorable financial terms, housing and employment opportunities. At a time when affordability is paramount, safeguarding the financial and medical well-being of our constituents should be our foremost priority."

<u>*Arguments in Support*</u>

"As health care becomes more expensive due to rising premiums and insurance gaps, medical loans and credit cards are becoming more prevalent than ever before. Medical loans and credit cards are attractive financing options for medical and dental offices because they receive a lump sum payment immediately rather than waiting for insurance authorization and reimbursement or evaluating whether a patient qualifies for financial assistance. In some cases, medical assistants or receptionists will run a patient's credit application without their approval or knowledge in order to tell a patient they have been approved for financing.

When medical offices proactively sign-up patients for medical credit card products for services that would otherwise be paid for by insurance or charitable assistance it can have a material effect on their health and well-being. The Consumer Financial Protection Bureau (CFPB) warns "[t]he growing promotion and use of medical cards and installment loans can increase the financial burden on patients who may pay more than they otherwise would pay and may compromise medical outcomes.

Medical credit card companies use deferred interest rates, offering zero-interest promotional periods which are typically a year long. If a patient has not paid the full balance on the medical credit card within the promotional period, they are subject to interest charges on the total amount originally taken on, not just the unpaid balance. The average interest rate for a medical credit card is 26.99 percent, but late payments can push interest rates to nearly 40 percent."-- Submitted as a joint letter from Contra Costa Legal Services, National Consumer Law Center, Western Center on Law and Poverty, Housing and Economic Rights Advocates, Public Law Center, Community Legal Services in East Palo Alto, Consumer Reports, Legal Assistance for Seniors, California Pan-Ethnic Health Network, California Advocates for Nursing Home Reform, Legal Aid Society of San Diego, Center for Responsible Lending, Friends Committee on Legislation of California.

Arguments in Opposition

"The bill is unimplementable without granting financial institutions access to private medical information – lenders do not know what items, products, services are purchased in a transaction and therefore cannot separate out what in the transaction is "medically necessary" or not.

In order to make this proposed expansion of medical debt operational and workable, the financial services industry must know what may be sent to a credit bureau and what may not send to a credit bureau. Without access[,] this information, the financial services industry cannot determine what parts of a transaction is subject to the bill and the bill is therefore unimplementable.

AB 2746 (Schiavo) attempts to sweep third-party lenders (e.g., credit cards and other third-party lenders captured under the definition) into a broadened legal definition of 'medical debt.' That approach would require a historic rollback of medical privacy protections, is unimplementable as a matter of law and system design, and would generate serious conflicts with both California and federal privacy and credit-reporting frameworks – all reasoning as to why in 2024, SB 1061 (Limon) was amended and signed into law with its current definition of medical debt, rather than the expansive definition to include third party lending."-- Submitted as a joint letter from The California Bankers Association, the American Financial Services Association, California Chamber of Commerce, Silicon Valley Leadership Group, the Card Coalition, the California Financial Services Association.

2) Background

a. Healthcare (in)affordability

According to the Consumer Financial Protection Bureau (CFPB), consumers owed $88 billion[1] in medical debt on consumer credit reports as of June 2021. In 2017, a Census Bureau survey[2] found that 19% of people reported having medical bills they could not fully repay during the year. Uninsured, Black, and Hispanic Americans are more likely to have medical debt.[3] When people have difficulties, they often have difficulty paying for basic household expenses such as utilities and food. Because difficulties tend to be grouped, households that experienced one difficulty often had difficulties with other expenses as well.[4] Two in five households had difficulty with a medical expense.

According to the California Health Care Foundation 2026 Health Policy Survey, half of Californians (51%) reported that their health care expenses have increased faster than their incomes, and a vast majority (71%) are experiencing financial strain due to health care costs. Research shows medical debt has serious downstream consequences, including a 44% higher risk of housing instability, such as difficulty paying rent, eviction, or foreclosure.[5]

Unlike most consumer debts, the need for medical care for an acute illness can often be unexpected and not discretionary. In March 2022, the three nationwide credit bureaus jointly, and voluntarily announced that paid medical debts, medical debts less than a year old, and medical debt under $500 would no longer be included on consumers' credit reports.

b. Credit and Societal Participation

A *consumer report* is a collection of information about a person in relation to their current and recent past for the purposes of determining their credit worthiness, credit capacity, *character, general reputation, personal characteristics, or mode of living* which is used or expected to be used to determine that person's eligibility for credit, housing, in some cases, employment, and other permitted means.[6] There are many different types of consumer reports, the most common being a credit report. A *credit score* is a numeric representation of a snapshot at any given time of a corresponding credit report. There are many different rating companies that provide credit scoring, with Fair Isaac Co. (FICO) being the most popular and Vantage a close second for consumer scoring.

Credit reports are regulated under state and federal laws. These laws cover rules around the type of information, dispute resolution requirements, furnisher requirements, and more. (See comment 3) Credit scores are composed of proprietary algorithms developed by the issuing company that utilize the information from the credit report to generate a number that represents a person's

---

[1] "Medical Debt Burden in the United States" *CFPB* (February 2022). The study notes the total amount of medical debt in collections in the U.S. is likely higher, since not all medical debts in collections are furnished to consumer reporting companies.
[2] https://www.census.gov/library/stories/2021/04/who-had-medical-debt-in-united-states.html
[3] Medical Debt Burden in the United States" *CFPB* (February 2022)
[4] Fulford S, Rush M. (2024, "Insights from the Making Ends Meet Survey." *CFPB Research Brief* 2024-5. Consumer Financial Protection Bureau. 2024, pp 18. Accessed 4/15/26/
[5] "Medical Debt Associated with Subsequent Difficulty Paying Rent or Mortgage", Johns Hopkins, Bloomberg School of Public Health (2026, January 13)
[6] 15 U.S.C. § 1681(a)(d)(1).

"credit worthiness, credit capacity, character, general reputation, personal characteristics, or mode of living". As a result of the reach that consumer reports have, credit reports and credit scores act as societal gatekeepers that determine access to housing employment, financial services and general economic stability. There is also evidence to support a relationship between credit scores and mental health.

In a study examining credit scores and symptoms of depression and anxiety in adults, findings provide evidence for a relationship between neighborhood credit scores and individual mental health "above and beyond area-level income", meaning that the credit scores play a greater role in affecting depression and anxiety than one's income amount.[7] The study used area-level credit scores for three reasons:

1. Area-level credit scores may capture neighborhood economic context better than traditional measures like median household income;

2. Individual credit scores are determined in part by credit history, financial behavior such as bill pay, and total lines of credit available; thus, communities that have had longer access to credit will have higher credit scores; and

3. Credit scores reflect communal purchasing power, historical access to resources, and systemic inequities, including the impact of structural racism.

The study's findings were strongest in the relationship between area-level credit scores and mental health for people ages 35-64, which is when access to capital may be more critical than other life stages; these ages are the typical time when people are working, having children, and preparing for the future. The study also found that there appears to be a response relationship between higher area-level credit scores and lower reporting of symptoms of depression or anxiety. Conversely, even after controlling for median household income, lower average area credit scores were consistently associated with a higher prevalence of depression symptoms.

c. *Prior and Current Legislation*

California has been, and continues to be, a thought-leader in addressing medical affordability. In particular, AB 1020 prohibited hospitals from selling patient debt to debt buyers, unless specified conditions are met, specifically including the inability to charge interest on the debt. SB 639 prohibited medical providers from offering credit cards or loans that include deferred interest. Most recently, SB 1061 prohibits the reporting of non-cosmetic medical debt owed by a consumer to a medical provider or business. And currently, AB 2123 is a bill proposed to establish the Medical Debt Relief Act to eliminate some medical debt of eligible patients through debt cancellation.

A recent press release from the State Attorney General stated:

> "In California, it is illegal for medical debt to appear on your credit report. Medical debt — which the law generally defines as debt owed to a provider of medical services, products, or devices — is generally unforeseen; it is not a

---

[7] Ettman, C., et al. "Area-Level Credit Scores and Symptoms of Depression and Anxiety in Adults." *American Journal of Epidemiology* (2024, August,19) 194,5 pp1208-1220. doi.org/10.1093/aje/kwae275

> reliable predictor of credit risk and can make it harder for people who are already struggling to secure housing, a job, or a car to get to work," "California banned medical debt from appearing on credit reports because we recognized this practice as harmful to struggling consumers and not helpful in determining creditworthiness. Let me be clear: This remains the law in California. I urge consumers to understand their rights and to regularly check their credit reports to ensure medical debt does not make an appearance. The California Department of Justice is committed to protecting and enforcing all of California's laws — including this one."[8]

3) How Consumer Credit Reporting is Regulated

Consumer credit reporting is regulated at both the federal and state level. The Federal Credit Reporting Act (FCRA) was enacted in 1970 to "ensure fair and accurate credit reporting, promote efficiency in the banking system, and protect consumer privacy." FCRA establishes how credit reports can be used and establishes limits for what kind of information can be included in a credit report. At the state level, the California Consumer Credit Reporting Agencies Act (CCRAA), enacted in 1975, regulates credit reporting agencies to ensure the agencies "exercise their grave responsibilities with fairness, impartiality, and a respect for the consumer's right to privacy." FCRA partially preempts California state law.

The 2018 Economic Growth, Regulatory Relief, and Consumer Protection Act amended FCRA to create new requirements on CRAs while constraining states' ability to legislate on certain topics covered by federal law. Specifically, FCRA now preempts specific categories of state laws, while those not inconsistent with FCRA generally are not preempted.

Relevant to this bill, a 2022 interpretive rule issued by the CFPB delineates what is preempted by FCRA and what is not. It specifies that state laws that are not "inconsistent" with the FCRA—***including State laws that are more protective of consumers than the FCRA—are generally not preempted***. The CFPB guidance authorizes states to pursue legislation on certain topics, such as the inclusion of information in credit reports:

> States therefore retain substantial flexibility to pass laws involving consumer reporting to reflect emerging problems affecting their local economies and citizens. For example, if a State law were to forbid consumer reporting agencies from including information about medical debt, evictions, arrest records, or rental arrears in a consumer report (or from including such information for a certain period of time), such a law would generally not be preempted. Likewise, if a state law were to prohibit furnishers from furnishing such information to consumer reporting agencies, such a law would also not generally be preempted.

---

[8] https://oag.ca.gov/news/press-releases/california-it-remains-illegal-medical-debt-appear-credit-reports-attorney#:~:text=California%27s%20Law,debt%20appearing%20on%20credit%20reports Last visited 4/18/26.

4) Federal Ruling and Repeal

In January 2022, the No Surprises Act[9] went into effect to address surprise medical bills—for example, out-of-network emergency bills. After this law went into effect, the CFPB released a bulletin stating that if debt collectors report or try to collect debts barred by the No Surprises Act, they may violate the FCRA or the Fair Debt Collections Practices Act. Under this rulemaking, the CFPB defined medical information as " In January 2025, the CFPB finalized a rule that would have removed medical debt from credit reports and prohibited lenders from making credit decisions based on medical debt. The rule was challenged by a lawsuit shortly after it was finalized, and new CFPB leadership asked the court to vacate this finalized rule, which the court did in July 2025.

5) What other states are doing

As of 2025, 15 states have prohibited medical debt reporting in a patchwork of varying degrees and definitions of "medical debt". With regards to the proposed definition of "medical debt" pertaining to the credit card exemption, categorically, other states' definitions fall into two buckets "does not include debt charged to a credit card issued under and open- or closed- ended credit card plan, unless the credit card is offered **1) specifically or 2) solely** for the purchase of medical or health care service."

6) Prior Legislation-SB 1061

Under SB 1061, only medical debt owed directly to the provider of medical services, products, or devices other than cosmetic surgery is not reportable. This definition of medical debt excludes a large source of medical debt, medical credit cards. In reviewing the history of amendments of SB 1061, the bill passed through this committee with the definition of medical debt as:

1) "Medical debt" means a debt related to, in whole or in part, a transaction, account, or balance arising from a medical service, product, or device.

    a) "Medical debt" does not include any of the following:

        i) Debt charged to a credit card unless the either of the following:

            (1) The credit card is issued under an open-end or closed-end plan offered specifically for the payment of medical services, products, or devices, unless that plan devices.

            (2) The credit card allows for deferred interest purchases of a medical service, product, or device.

        ii) A loan secured by real property unless either of the following:

            (1) The lender marketed the loan as being for the purpose of paying for a medical service, product, or device.

[9] H.R.133 - Consolidated Appropriations Act, 2021.

(2) At the time the loan was made, the lender had actual knowledge that the borrower intended to use the proceeds of the loan to pay for a medical service, product, or device.

Relevant amendments from this committee were to add to the exclusions of medical debt 1) general purpose credit cards, 2) general purpose installment loans, and 3) real property entirely. All else remained intact. It is evident that it was the original intent of the author to include medical credit cards. At the same time, the CFPB finalized[10] its now vacated[11] (terminated) ruling (see Comment 4) which would have created a definition of "medical debt information". That definition would mean:

> "Medical debt information" is medical information that pertains to a debt a consumer owes to a person whose primary business is providing medical services, products, or devices, which also includes debt owed to a health care provider's agent or assignee for the provision of such medical services, products, or devices. And medical debt information does not include debts incurred with third party creditors in order to pay for medical care.

Opposition cites bring parity with the federal ruling as the reason for amendments were taken in Assembly Appropriations to SB 1061, however this has not, and cannot be verified. It is also important to note that there is no requirement for "medically necessary" either in the defunct federal definition or the current state definition for services, products or devices to be considered medical debt. The only qualifier from medical debt is cosmetic surgery, and debt arising from reconstructive or prosthetic surgery that was deemed necessary by a physician is considered medical debt. Civ.Code section 1785.3(j)(2(B) and (C).

7) What this bill does-Medical Definition

a) <u>No conflict with a federal definition</u>

This bill restores the definition of "medical debt" to the definition with which SB 1061 left this committee. The recent CFPB rulemaking, including its more limited definition of medical debt information, has been vacated by a federal court. Thus, the inclusion of medical credit credit cards is no longer in direct conflict with the federal definition, although there was no risk of preemption given the state's rights to enact more protective language. This bill would modify the definition of "medical debt" to include credit card debt if 1) the credit card is issued under an open-end or closed-end plan offered specifically for the payment of medical services, products, or devices, or 2) the credit card allows for deferred interest purchases of a medical service, product, or device. As of the time of this writing, no other state has defined medical debt in relation to medical credit cards in terms of deferred interest.

---

[10] Notice of Final Rulemaking, 12 C.F.R. 1022 CFPB https://files.consumerfinance.gov/f/documents/cfpb_med-debt-final-rule_2025-01.pdf Last visited 4/18/26.

[11] Final judgment: On July 11, 2025, the U.S. District Court of the Eastern District of Texas vacated the Consumer Financial Protection Bureau's rule, Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information (Regulation V)
https://storage.courtlistener.com/recap/gov.uscourts.txed.235173/gov.uscourts.txed.235173.53.0.pdf

b. <u>What are medical credit cards</u>

Medical credit cards are specialized credit cards designed or marketed to cover the costs of medical services or procedures, including preventive and emergency care. These cards, which include Synchony's Care Credit and Comenity's Alphaeon Credit Card, sometimes restrict charges to providers in their network and often include "deferred interest" promotions that allow zero or low interest for a set period of time. The use of medical credit cards has grown significantly in recent years: Between 2013 and 2023, the number of CareCredit cardholders increased from 4.4 million to 11.7 million.[12]

However, some medical credit cards allow a user to purchase non-medical items from an approved provider. For example, Walgreens Pharmacy is an approved provider for CareCredit, so a consumer with a CareCredit card can use the card to purchase a prescription medication and other non-medical items available at Walgreens. Depending on the card, CareCredit cannot distinguish between medical and non-medical items within a transaction and may not know which transactions would be considered medical debt, complicating implementation of this bill. Even if the transaction were to be taken separately, if the CareCredit card is a network card only, it does not operate on an open loop system which allows for merchant and purchase coding.[13]

<u>i) Closed loop v. Open loop</u>

CareCredit offers two types of medical credit cards, one is a network card, and the other is a rewards card which operates on the Mastercard network. The first is a closed loop credit card, meaning that it is only valid at the specific merchant(s) or retailer(s), similar to American Express as opposed to the second, for example, Visa/Mastercard. In a closed loop system, there is no need for a processor (Visa/Mastercard), the entities involved are the merchant and the bank (card issuer). As such, statements provided to the card issuer are not itemized or coded in a distinguishable manner making it impossible to differentiate between medical and non-medical purchases. According to CareCredit, it is only able to see the name, date, merchant ID, and amount due.

For open loop credit cards, in the context of this bill, various items are coded based with four-digit numbers used by card issuers to identify health-related merchants, typically ensuring transactions are for eligible medical services or products. Additionally, for open loop cards, purchases at a retailer that sells both medical and non-medical items can be identified with an Inventory Information Approval System (IIAS), which is a system that will either approve or deny certain items that are purchased, based on their IRS eligibility for health or flexible spending accounts.

The author has begun amendments to address these complications by specifying from which providers of medical services, devices, or products must be excluded from consumer credit reporting by adding acute psychiatric hospitals, general acute care hospitals, special hospitals, pharmacies, and medical providers. This specification should address the issue for both closed and open loop medical credit cards. However, this list is not complete. Many physicians are not

---

[12] "Medical Credit Cards and Financing Plans." *CFPB* (May 2023)
[13] Open loop systems are how EBT cards can only be used on certain items and at certain locations, the merchant code and purchase codes can be specified. Similarly, medical reimbursement for FSA qualified purchases are coded specifically for automatic deductions.

actually included in the referenced Health and Safety Code Section. The author may wish to consider referring to the Healing Arts in the Business and Professions Code and excluding inapplicable licensees, as a large number of medical providers are covered in that section.

8) What this bill does-Disclosures

This bill prohibits deceptive practice related to medical credit card enrollment by requiring clear disclosures to specify that the product is a credit card and not a payment plan, as well as disclosure of the annual percentage rate. Many medical credit cards offer deferred interest, or springing interest, terms for a time period of between six and eighteen months. If someone has a remaining balance after the designated promotional period, they are charged all the interest that would have accrued as of their original purchase date in a balloon payment. If the consumer cannot pay the full balance, which contains the accrued interest and any remaining principal, that balance carries over each month and accrues interest until it is paid. The consumer is then paying interest on top of interest. These products are typically more expensive than other forms of payment due to the higher interest payments.

According to the CFPB, consumers paid $1 billion in deferred interest payments for healthcare charges from 2018-2020. Consumers used cards or loans with deferred interest terms to pay for almost $23 billion in healthcare expenses, and over 17 million medical purchases, from 2018 to 2020. CFPB analysis indicates that, between 2015 and 2020, people incurred interest on 20% of their healthcare purchases when using deferred interest cards or loans. People with credit scores below 619 incurred interest more frequently, for about 34% of their healthcare purchases. In part, people with lower credit scores may have been more likely to incur interest because they were more likely to have shorter periods before they were charged deferred interest.[14]

As recently as April 17, 2026, the State Attorney General issued a consumer alert warning Californians about deferred-interest medical credit cards. After describing the issue when a payment is missed or a balance remains, the AG noted “These cards are not the only financing option available, and consumers should carefully consider alternatives before signing up.”

The opposition argues that deferred interest gives the consumer the ability to pay for expensive medical debt over time with no interest, whereas with a credit card, they are guaranteed to pay interest. And if the consumer were to lose the benefit of the 0% interest period, the interest due is the interest that they would have had to pay with a credit card anyway.

This is partially correct, however it is based on an incomplete premise. First, consumers often believe that they are agreeing to a payment plan with their provider, not signing up for a credit card. Knowledge of this fact could allow the patient to shop for better financing, such as a 0% APR credit card. The author’s amendments should address this issue.

Second, unlike the 0% interest offers on most credit cards, the promotional period on medical credit cards is deferred interest. For many people who do not often apply for credit or spend much of their time perusing the annals of consumer finance products, it can be easy to see how 0% APR can be conflated with 0% APR ***if*** paid within x time. The author’s second disclosure amendment seeks to address this issue but it may not be complete. The author may wish to consider “requiring clear and conspicuous disclosure that the promotional offer benefits are only

[14] “Medical Credit Cards and Financing Plans.” CFPB (May 2023)

valid if paid in full during the promotional period, otherwise interest on the original amount in addition to any remaining balance will be due at the end of the promotion period. And required the disclosure of the APR thereafter."

And third, the accumulation of the interest is the most significant difference between a deferred interest card and if the consumer used a credit card instead; with a credit card, the interest is paid over time, but with deferred interest, there is a balloon payment for interest on the original amount of the debt all at once which is more likely to incur more interest and take longer for the consumer to repay.

Note, in a piece about medical credit cards in November 2025, the vice president for communications at Synchrony Financial, the parent of CareCredit, told NerdWallet in an email that 87% of people who qualify for special financing choose the deferred interest option. They added, "It is important to note that the vast majority of cardholders who select the deferred interest option completely pay off the promotion prior to its expiration, thus paying no interest."[15]

REGISTERED SUPPORT / OPPOSITION:

Support

Last verified 4/19/26

AARP
Blood Cancer United, Formerly the Leukemia & Lymphoma Society
California Advocates for Nursing Home Reform
California Low-income Consumer Coalition
California Pan - Ethnic Health Network
California State Council of Service Employees International Union (seiu California)
Calpirg, California Public Interest Research Group
Center for Responsible Lending
Coalition of California Welfare Rights Organizations (CCWRO)
Community Legal Services in East Palo Alto
Consumer Action
Consumer Federation of California
Consumer Reports
Contra Costa Senior Legal Services
End Child Poverty CA
Friends Committee on Legislation of California
Health Access California
Housing and Economic Rights Advocates (HERA)
Indivisible CA Statestrong
Latino Coalition for a Healthy California
Legal Aid Society of San Diego
Legal Assistance for Seniors
National Consumer Law Center
Neighborhood Legal Services of Los Angeles County

---

[15] https://www.nerdwallet.com/credit-cards/learn/medical-credit-card. Last visited 4/18/26

Oakland Privacy
Privacy Defense Alliance
Public Counsel
Public Law Center
Small Business Majority
Western Center on Law & Poverty

Opposition

Oppose Last verified 4/19/26

A+ Dental Care
Academy of Doctors of Audiology
American Academy of Dermatology
American Academy of Sleep Medicine
American Financial Services Association
American Massage Therapy Association; the
American Society of Plastic Surgeons
Association of Dental Support Organizations
Bright Now! Dental
California Academy of General Dentistry
California Association of Collectors
California Association of Oral and Maxillofacial Surgeons
California Association of Orthodontists
California Bankers Association
California Chamber of Commerce
California Chiropractic Association
California Credit Union League
California Creditors Bar Association
California Dental Association
California Financial Services Association
California Society of Dermatology & Dermatologic Surgery
California Society of Plastic Surgeons
Card Coalition
Consumer Data Industry Association
Electronic Transactions Association
Encore Capital Group
National Creditors Bar Association
Newport Dental
Pra Group
Revenue Management Association International
Silicon Valley Leadership Group
Smile Brands
The Aesthetic Society

Analysis Prepared by: Desiree NguyenOrth / B. & F. / (916) 319-3081