



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

ANDREW M. CUOMO
Attorney General

LINDA A. LACEWELL
Special Counsel to the Attorney General

August 4, 2010

James Bramson
Chief Executive Officer
American Dental Association
211 East Chicago Ave.
Chicago, IL 60611-2678

Re: Endorsement of CareCredit

Dear Mr. Bramson:

The New York Attorney General's Office is conducting an industry-wide investigation into healthcare credit cards.

Our Office has found that some healthcare providers push consumers into signing up for healthcare credit cards. These cards, such as CareCredit, owned by General Electric, are offered for services not typically covered by health insurance, including chiropractic, cosmetic, dental, infertility treatment, hearing, vision, weight loss, and veterinary services.

We have received hundreds of complaints from consumers indicating that they were offered financing by providers who did not explain that a credit card company was involved. Many consumers believed the financing would involve no interest, but were later hit with interest rates of almost 30 percent retroactive to the date of charge, if not paid off in full during a promotional period. Many were charged thousands of dollars up front for a full course of treatment, and could not get refunds, without our intervention, even though no services were ever rendered.

Our investigation has found that providers frequently charge patients up front on CareCredit cards, for a full course of treatment. CareCredit then pays providers in full within 48 hours of the charge, and also pays rebates to providers based on how much business they charge consumers on CareCredit cards. This arrangement creates an incentive for providers to push consumers to use CareCredit rather than other methods of payment, and to resist requests for refunds. Indeed, we found providers pushed CareCredit over cash.

CareCredit advertises on its website that your organization endorses CareCredit. We would like to understand the reasons for your endorsement, the prior due diligence, if any, that you conducted, and whether you have received any compensation for the endorsement.

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We understand the need for consumer healthcare financing. But we must ensure that patients are not deceived into incurring debts they cannot afford. That would be an abuse of the trust so critical to the doctor-patient relationship.

We would appreciate your response to this letter on or before August 12, 2010. Thank you for your assistance.

Sincerely,

A handwritten signature in black ink that reads "Linda A. Lacewell". The signature is written in a cursive, flowing style.

Linda A. Lacewell
Special Counsel to the Attorney General
212-416-6199