

# NEW RULES FOR OFFERING CREDIT TO PATIENTS

## SB 639 (2019)

Effective July 1, 2020



SB 639 **prohibits** health care professionals and their staff from offering an open-end credit or loan to a patient that contains a **deferred interest** provision.

"Deferred interest" means interest charged on portions of the the original balance that has already been paid off.

SB 639 **allows** health care professionals to arrange an open-ended credit or loan extended by a third party with deferred interest under the following required conditions:

### Required Conditions

**Before** arranging for a loan extended by a third party and before charging any treatment costs, you must provide patients with a **written treatment plan**, which includes:

- Anticipated services and estimated cost of each service.
- If the patient has a private or government health plan and you take assignment of benefits, you must include an estimated share of cost for each service.
- If you do not take assignment of benefits from the patient's health plan, you must indicate treatment may or may not be a covered benefit and the patient has the right to confirm coverage before treatment.
- If you accept Medi-Cal, you must indicate if Medi-Cal would cover alternative, medically necessary service, that patients have the right to ask for only services covered by Medi-Cal, and that the provider agrees to follow Medi-Cal rules to secure Medi-Cal covered services before treatment.

**Prior** to establishing or arranging a loan, you must provide patients with a specified one-page or screen **written or electronic notice** in at least 14-point type and obtain their signature.



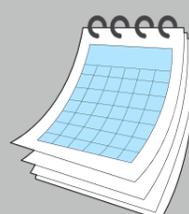
The notice language can be found [HERE](#).



Loan may **not** be established in the **patient treatment area**, such as an exam room, unless the patient agrees to fill out paperwork in the treatment area.

**No** portion of the application may be completed by anyone other than the **patient**.

You **cannot** charge for treatment or costs more than **30 days** in advance of treatment rendered or costs incurred.



Within **15 days** of a patient's request, you must refund to the lender any payment received for any treatment or costs that have **not** been incurred or rendered.



If the patient communicates primarily in a language other than English that is one of Medi-Cal's threshold languages, e.g. Spanish, Tagalog, the notice must be in that language.



Disclaimer: This fact sheet is intended for informational purposes only and is not a replacement for legal counsel.

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