
OLR Bill Analysis

sHB 5127 (as amended by House "A")*

AN ACT CONCERNING CREDIT CARDS AND HEALTH AND VETERINARY CARE SERVICES.

SUMMARY

Beginning January 1, 2027, this bill prohibits health care and veterinary care providers from:

1. promoting or offering to consumers third-party financing in certain ways;
2. receiving financial incentives or compensation related to promoting or offering third-party financing to a consumer;
3. completing any part of a consumer's application or submitting a consumer's application for third-party financing;
4. charging a third-party financing account for a health care or veterinary service, or any portion of its cost, before the date the service is provided, unless the cost is incurred earlier;
5. discussing third-party financing terms and conditions with a consumer without providing a written disclosure form; and
6. charging a third-party financing account for all or a portion of the cost of ancillary products unless the consumer (a) receives a receipt for the product or (b) consents in writing to purchase the product (it also specifies a 30-day period for the return and refund of most ancillary products).

It defines third-party financing as a line of credit, loan, or open-end credit plan (such as a credit card) that is offered or extended by a third party. It does not include a line of credit or loan from a health care or veterinary provider who is the creditor.

The bill does not affect agreements providers entered into before January 1, 2027.

Violations of the bill are Connecticut Unfair Trade Practices Act (CUTPA) violations that are enforceable by the attorney general, and not by private causes of action or class actions (see BACKGROUND).

*House Amendment "A" (1) applies the bill to third-party financing and not just to credit cards or medical credit cards; (2) removes provisions (a) on charging a card for a service covered by a health or veterinary benefits plan or when an alternative service is covered, (b) that the bill cannot be construed to require a provider to delay or prohibit care, (c) on charging a card for out-of-pocket expenses, and (d) permitting Department of Consumer Protection regulations; (3) changes provisions on advertising and assisting consumer applications and adds a disclosure form requirement; (4) allows charging an account before the service date for costs incurred earlier; (5) allows use of third-party financing for ancillary products when the consumer gets a receipt for them and excludes food for animals from the definition of ancillary products; (6) changes the bill's effective date from October 1, 2026 to January 1, 2027; and (7) makes minor and technical changes.

EFFECTIVE DATE: January 1, 2027

APPLICABLE PROVIDERS AND SERVICES

The bill applies to licensed (1) individuals, facilities, and institutions that provide health care services to patients and an entity's employees, agents, or independent contractors acting within the scope of their responsibilities and (2) veterinarians and their employees, agents, and independent contractors acting within the scope of their responsibilities.

It defines health care and veterinary services as services and products provided to a patient by a health care provider, or to an animal by a veterinary care provider, within the provider's scope of practice. They include hospital, medical, surgical, dental, vision, and pharmaceutical services or products.

PROHIBITIONS ON PROMOTING OR OFFERING THIRD-PARTY FINANCING

Beginning January 1, 2027, the bill prohibits health and veterinary care providers from advertising, marketing, soliciting, promoting, or offering third-party financing:

1. by using the provider's or practice's brand on a sign;
2. by giving a consumer access to software or a website (by giving an address, hyperlink, or quick response (QR) code) if it includes the provider's or practice's branding and is used by a third-party for this type of financing;
3. to a consumer who is under the influence of general anesthesia, conscious or moderate sedation, or nitrous oxide;
4. while the consumer is receiving health care services; or
5. when the consumer is in part of a facility used for services, such as an examination or operating room, unless (a) the facility does not have a separate area or (b) relocating a consumer to a separate area from the one where an animal is receiving services would not risk harm to the animal, in the provider's professional judgment.

A QR code is a two-dimensional matrix barcode that consists of blocks arranged in a grid and may be read by an imaging device (such as a smart phone camera).

DISCUSSING THIRD-PARTY FINANCING AND DISCLOSURE FORM

Beginning January 1, 2027, the bill requires providers who discuss terms and conditions of third-party financing to give consumers the following written disclosure in at least 14 point type and in the language the provider primarily uses with the consumer:

"THIRD-PARTY FINANCING DISCLOSURE

Any discussion of third-party financing involves a credit card, line of credit or loan to help you finance or pay for treatment by this provider.

Such lending product IS NOT A PAYMENT PLAN WITH THIS PROVIDER. It is a credit card, line of credit or loan from a third-party lender. Your provider does not work for this company. Your provider may not complete or submit any application for third-party financing on your behalf.

You do not have to apply for third-party financing to pay your provider. You may pay your provider in another manner. Your provider may offer its own payment plan. You are encouraged to explore any public or private insurance options that may cover your treatment.

The lender or creditor may offer a "promotional period" to pay back the amount borrowed without interest. You should carefully consider the terms of the promotion, and whether you may owe interest if the promotional balance is not paid in full. Furthermore, if you miss a payment or do not make a payment on time, you may have to pay a penalty and/or a higher interest rate. If you do not pay the money that you owe to the creditor or lender, your missed payments can appear on your credit report and could hurt your credit score. You could also be sued by the creditor or lender if you do not repay the money you owe.

If your provider has completed or submitted an application for third-party financing on your behalf, you may file a complaint by contacting the office of the Attorney General at (health care provider or veterinary care provider inserts the address of the Attorney General's Internet web site) or by calling (health care provider or veterinary care provider inserts the telephone number of the office of the Attorney General).

(Consumer's signature)."

A provider can state that he or she accepts third-party financing as payment without providing the disclosure if the financing's terms and conditions are not discussed.

ANCILLARY PRODUCTS

Beginning January 1, 2027, the bill prohibits health and veterinary care providers from charging a third-party financing account for the cost of an ancillary product unless the consumer paying for a related service

(1) gets a receipt identifying the product and its cost or (2) consents in writing to purchase the product.

Beginning on this same date, the bill sets a 30-day return and refund period for ancillary products bought by consumers from providers using third-party financing. This does not apply if the product (1) was customized in a way that would prevent another person or animal from using it or (2) after being sold to the consumer, was used, damaged, tampered with, or stored in a way that did not match the manufacturer's instructions that may cause adulteration, contamination, or compromise.

The bill defines an ancillary product as a product that is not a health care or veterinary service and is sold by the provider to a consumer who purchased a health care or veterinary service from the provider. It does not include food for animals.

BACKGROUND

CUTPA

By law, CUTPA prohibits businesses from engaging in unfair and deceptive acts or practices. It allows the Department of Consumer Protection commissioner, under specified procedures, to issue regulations defining an unfair trade practice, investigate complaints, issue cease and desist orders, order restitution in cases involving less than \$10,000, impose civil penalties of up to \$5,000, enter into consent agreements, ask the attorney general to seek injunctive relief, and accept voluntary statements of compliance. It also allows individuals to sue. Courts may issue restraining orders; award actual and punitive damages, costs, and reasonable attorney's fees; and impose civil penalties of up to \$5,000 for willful violations and up to \$25,000 for a restraining order violation.

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 18 Nay 2 (03/11/2026)