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Before You Swipe: Smart Ways to Pay for Your Healthcare

Dear [--Merge1--],

Dealing with a big medical bill can feel overwhelming. When that statement arrives, it can be tempting to reach for your credit card to make the bill disappear as quickly as possible. But before you do, it's worth knowing that there might be better ways to handle those costs and keep your finances healthy.

While a credit card offers a fast fix, it's often the most expensive solution in the long run. Before you put a large medical expense on high-interest plastic, take a deep breath. There are several steps you can take to manage your medical debt, protect your finances, and pay what you owe in a more sustainable way.

Step One: Understanding Your Medical Bill

When you get a bill from a doctor or hospital, do some detective work and take a closer look at it. Check for any mistakes, and make sure you understand what you're being charged for. Medical billing can be complicated, and errors can happen. Look for things like:

- **Duplicate charges:** Are you being billed twice for the same service?
- **Incorrect procedures:** Did you actually receive the treatment listed?
- **Wrong dates:** Do the dates of service match when you were there?

If something doesn't seem right, don't hesitate to call the billing department and ask for clarification or a correction.

Step Two: Exploring Financial Assistance from the Healthcare Provider

Many people don't realize that hospitals and clinics often have programs to help patients who are struggling to pay. In fact, all non-profit hospitals are required to offer some kind

of financial assistance program, though specific requirements and eligibility will vary. Even if you think you won't qualify, it's always worth asking. You might be surprised!

These programs, sometimes called "charity care," are typically based on your income and household size. Don't be afraid to inquire. Contact the hospital's billing department or ask for a financial counselor. They can explain the application process and what types of assistance might be available, which can include:

- **Hospital Discounts:** A percentage reduction of your total bill.
- **Bill Forgiveness:** In some cases, part or all of your debt may be forgiven.
- **Negotiating Medical Bills:** The listed price isn't always set in stone. The billing department may have the authority to settle the bill for a lower amount, especially if you can pay a lump sum.

The Power of a Provider Payment Plan

If you don't qualify for financial aid, your next best option is to work directly with the provider. Most hospitals and clinics would rather receive payments directly from you over time than sell your debt to a collection agency for pennies on the dollar.

Ask to set up a medical bill payment plan. The key advantage here is the interest rate-or lack thereof. Many providers offer payment plans with low or even 0% interest. Consider the difference: A \$5,000 bill on a payment plan with 0% interest will cost you exactly \$5,000. That same \$5,000 bill on a credit card with a typical 20% APR could cost you over \$1,000 in interest alone if you take two years to pay it off.

Once you agree to a plan, it is crucial to make every payment on time. Defaulting on the agreement could result in your account being sent to collections, which can negatively impact your credit score.

When Credit Cards *Might* Be an Option (But Be Careful!)

Keep in mind that carrying a balance on a credit card with a typical high interest rate can make your medical debt much more expensive over time. While it's generally not a good idea to put large medical bills on your credit card, there are a couple of specific situations where it *might* make sense.

If you have a rewards card and can pay it off immediately

If your credit card offers rewards like cash back or travel miles, and you have the money to pay the entire bill off at the end of the month, you could potentially benefit from the rewards without paying interest. But this only works if you pay it off in full, on time. If you carry any part of the balance over, the interest charges will almost certainly negate the value of the rewards.

If you have a 0% APR card and a solid plan to pay it off quickly

Some credit cards offer a 0% Annual Percentage Rate (APR) for a limited time on new purchases. If you can pay off the entire medical debt before the interest-free period ends, this could save you money on interest. However, be very careful! If you don't pay it off in time, you'll likely face very high interest rates on the remaining balance.

Considering Other Solutions: Personal Loans

If you are unable to negotiate a 0% payment plan through your provider, another option to consider for paying medical bills is a personal loan. Often, these loans have lower interest rates compared to credit cards, especially for larger amounts. This could be a better way to manage your medical debt with more predictable monthly payments. However, just like with any loan, it's crucial to carefully read and understand all the terms and conditions before you sign anything.

Taking Control of Your Medical Bills

Dealing with medical bills doesn't have to mean immediate credit card debt. By taking a few smart steps, you can often find more manageable ways to handle these expenses. To recap your strategy:

1. **First, check your bill for errors.** Don't pay for mistakes.
2. **Next, ask the provider about financial aid and hospital discounts.** You may be surprised at what's available.
3. **Prioritize a low or no-interest medical bill payment plan** directly with the provider.
4. **Finally, consider other options** like personal loans or 0% APR cards only as a last resort, and with full understanding of the terms.

With proactive planning and exploring your options, you can navigate the costs of healthcare more effectively and protect your financial well-being.

If you'd like to learn more about the loan options available to you, stop by your nearest branch any time. We're here to help!

Overwhelmed by medical bills?

Think twice before putting them on your credit card.



Our *All About Me* program can help you navigate the waters regardless of where you are in life or what your greatest challenges happen to be.

Visit All About Me

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