

Late Charges and Finance Charges on Patient Bills

There are important distinctions between “late charges” and “finance charges” which a doctor can assert against a patient in relation to charges for healthcare services. The State of Wisconsin Department of Financial Institutions provides very useful information on the nature and legal implications of these types of charges. This information can be obtained at www.wdfi.org.

In general, a late charge is an amount added to a patient’s bill for a payment which is not received by a specified due date. To be considered a late charge, the doctor must treat the account as past due if payment is not made and thereafter prohibit the patient from adding more charges to the already past due account. The maximum late charge rate in Wisconsin is 1% per month or 12% per year. In order to assert a late charge, the patient must be given advanced notice of such a charge or otherwise sign an agreement at the inception of the patient-doctor relationship which specifies the due date and penalty or late payment charge. Typical language commonly used with late charges is the following: “Payment is due within thirty (30) days of a billing statement. A 1% per month (12% per annum) late payment fee will be assessed on any unpaid balance remaining after thirty days.” It remains very important that these terms be acknowledged by the patient when services are first provided. Late payment charges are presently legislated under Wis. Stat. §138.05(3).

A finance charge is a credit transaction in which the doctor and patient agree that the patient will have an extended period of time to pay on an account. The additional charge for the extended payment period is regarded as a finance charge and there are very stringent requirements relating to the disclosure of credit terms under both State and Federal laws. There are presently no interest rate limitations for such credit transactions in Wisconsin. The patient must agree to a “credit plan” in which various disclosures must be made to the patient in some form of written statement. The requirements of financing charges are generally regulated under Wisconsin Statutes Chapter 426 and other Consumer Protection Acts. The imposition of finance charge

arrangements must be carefully evaluated by any chiropractor since there are stringent penalties for violations of the Wisconsin Consumer Act.

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