

# Understanding Patient Financing

April 2008 | Report 104



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## Understanding Patient Financing

Unlike home and auto loans, procedure loans are *unsecured* personal loans. ‘Unsecured’ means that there is no collateral for the loan and nothing to repossess in the event that the patient stops payment. Banks attempt to mitigate this risk by carefully evaluating a patient’s application and credit report to predict how likely it is that they will repay a loan.

The credit report discloses the applicant’s credit experiences, such as their bill-paying history, the number and type of accounts they have, late payments, collection actions, outstanding debt, and the age of their accounts. A credit scoring system awards points for each factor that helps predict who is most likely to repay a debt. Credit problems – such as late payments, collections or bankruptcy – may affect the applicant’s credit score for up to 8 years. Some companies make loan decisions on credit score alone.

Fair Isaac, the leading scoring agency, issues scores that range from 365 to 870; higher scores are thought to have a higher probability of payment. If we convert the scores to a 100-point scale, a 700 converts to an 80.5, a 660 converts to a 76, a 600 to a 69, etc. These scores are often assigned letter grades on a 90-80-70-60 scale; for example, someone with “A” credit will score 90% of 870 or higher.

In addition to credit scores, finance companies may also consider information from the application; factors like their job or occupation, length of employment, or whether they own a home. In general, an eligible applicant will have “good, established credit,” defined in part by the following factors:

- They are a citizen of the U.S. and a legal resident of they state where they apply;
- They meet any age requirements for personal loans in their state;
- They have two years of established credit, with NO negative credit entries (credit accounts in collection, tax liens or civil judgments, delinquencies);
- Their debt to income ratio, *with the new loan*, will not exceed 50%;
- Their total *unsecured debt, including the loan amount requested*, cannot exceed 50% of their gross annual income; and,
- Their revolving balances (credit cards) should not exceed \$15,000.

Given that so many of these factors are derived from the application, the way you treat the application will help or hurt the applicant. Turn to the next page for several ways to improve the chance that your patients’ applications will be approved!

## Understanding Patient Financing

For applicants who cannot pay with cash, financing is the next best option for procedure payment. You can **improve the applicant's chances for approval** by following these simple tips:

### 1. Identify the best candidate for approval.

After you approach the issue of financing you may learn that the patient is not the best applicant. Don't be afraid to ask if the patient feels that a co-signer or co-applicant would help their chances for approval. In some instances, a parent or spouse may choose to apply for the loan on behalf of the patient.

### 2. Choose the best finance company first.

Choose the finance company that is most likely to approve your prospect, not the one that offers the best terms for your practice. DO NOT blast the loan application to many lenders in hope of finding the funds. Each time an application is filed the lender will "inquire" about the patient's credit report; too many inquiries in a short period of time can hurt their credit score and your chance of closing the sale.

### 3. Fill out the application completely.

When you fill-out the application *for* or *with* the prospect you can ensure that all the fields are complete and learn something about the patient in the process. Many banks will penalize an applicant for blank fields, so submitting a partial application may hurt the prospect and your practice.

- a. Employment information: Self-employers and owner-operators are not attractive to some banks. Encourage applicants who own their business to list only a professional title (President, CEO) and not "Owner." If the applicant is in a trade that often changes jobs, look for a union or trade organization and reference their years with the union rather than their latest job.
- b. Relationship information: While dependent information and marital status are not required, complete these fields unless the number of dependents might hurt the applicant's approval potential. If the applicant was recently married, be sure to hyphenate the last name so that at least one last name matches their credit report.
- c. Gross income: Be sure that the applicant includes all sources of income, not just their pay from employment, in the gross income field. This might include rental income, social security or money from a trust.
- d. Monthly payments: List only the required minimum payments, even if the applicant is able to pay more. When payments, like rent, are shared, include only the applicant's portion of the payment. Banks do not interpret larger amounts in favor of the applicant and it will make the applicant's debt ratio climb.

- e. Current Address: If the applicant has not been at their present address for more than 3 years, fill in the previous address section. Make sure the applicant lists the address that will show on their credit report. Changes to mailing address can be made later.

Getting turned down of course doesn't mean the applicant is a "bad" person, it just means that statistically – to the extent that the data in the credit bureau is accurate – there is a higher than acceptable risk that the person might fail to make all the payments on an unsecured loan. If your prospect is declined, you can reassure him or her that no credit score is permanent. They can improve their credit score under most models by paying bills on time, paying down outstanding balances, and not taking on new debt. It's likely to take several years to improve a score significantly.

## Etna's Preferred Finance Partners

**Our network of over 200 surgeons around the U.S. report back to us about the vendors that serve them well, finance companies included.** Listed below in alphabetical order are the finance companies that have come highly recommended by our clients. If your preferred partner is not listed below, please email us with your suggestion.

*If you plan to add one of these finance partners to your practice, please mention Etna Interactive when you call enroll.*

### CareCredit

**To Enroll**

Call 800-300-3046 x 4284 or e-mail  
Tracey Mager at [tmager@carecredit.com](mailto:tmager@carecredit.com)

**Customer Service**

Call 800-859-9975  
24 hours daily, 7 days a week

**Fees**

No enrollment fee for plastic or bariatric surgeons  
5% average discount on funded loans

**Popular Loan Programs**

No interest for short promotional periods and extended  
loan terms for 11.9-16.9% APR.

**Average Interest Rate**

11.9-16.9%

**Program Benefits**

High approval rates.  
Minimal paperwork for doctors and patients.  
Practices paid within 2 business days.

**Tools for the Practice**

Online interface to see patient's available balance.  
Online reports of loan activity at your practice.

## My Medical Loan

### According to their Director,

*“myMedicalLoan.com is a convenient and easy financing partner to work with. We always provide excellent service to both our doctors and clients, and will do what is necessary to help patients get approved. We accept applications by fax, phone and internet and we do all paperwork with patients. Upon approval we can fund offices up to 2 weeks prior to the surgery date. We also provide the doctor’s office with marketing materials to further provide easy financing solutions to their patients.”*

### To Enroll

Call 800-788-0711 Ext. 747 or  
[www.mymedicalloan.com/join.htm](http://www.mymedicalloan.com/join.htm)

### Customer Service

Call 800-788-0711  
M-F 7:30am to 6pm & Sat 9 to 1pm PST

### Fees

No enrollment fee, no monthly fees  
0% discount on funded loans

### Popular Loan Programs

12 months same as cash

### Average Interest Rate

9.99%

### Program Benefits

Rapid approvals.  
Programs for less than perfect credit applicants.  
Strong customer service.

### Tools for the Practice

Easy online system to check approvals and request funds.  
Online loan application customized to practice.  
Instant decision model for fast approvals.

## SurgeryLoans.com

### To Enroll

Toll-Free: 888-502-8020 or  
[www.surgeryloans.com/drform.pdf](http://www.surgeryloans.com/drform.pdf)

### Customer Service

Toll-Free: 888-502-8020  
M - F 7am to 5:30 pm PST

### Fees

No enrollment fee, no monthly fee  
3.9% average discount on funded loans

### Popular Loan Programs

6 to 12 months same as cash

### Average Interest Rate

14.9%

### Program Benefits

Reliable and accessible customer service staff.  
Many loan options to fit patient needs.  
Generate pre-approved leads for clients.

### Tools for the Practice

Printed applications in English and Spanish.  
Professional point of sale displays.  
Helpful welcome kit with instructions.