

THE IMPACT OF PATIENT PAYMENT PLANS

A TOOL FOR INCREASING ACCEPTANCE
OF COSMETIC PROCEDURES

AUGUST 2006

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Conclusion

Patient payment plans offer practice management benefits, producing positive outcomes for both patients and practices. The clinical benefits include providing patients with optimal treatment in a timely manner. The benefits to practices are immediate scheduling, higher spending, repeat visits and referrals to friends and family.

The payment options segment of the patient population seeks this service, and providing it elevates practitioners in these patients' eyes and can help build patient loyalty and repeat business. In fact, respondents agreed they routinely leave the practitioner who offers payment plans feeling as though they have received a good value and that the practice had their best interest in mind.

Additionally, the availability of patient payment plans positively influences a patient's ability to comfortably move forward with procedures and accept recommended treatment. Nearly half of the respondents stated CareCredit enabled them to proceed with treatment immediately. Having CareCredit available as a payment option also increased the average patient expenditure by 71%.

For practices looking for a convenient way to attract more patients, schedule more procedures and increase their repeat/referral business, the CareCredit program warrants serious consideration as a way to stay competitive in today's cosmetic procedures market.

About CareCredit

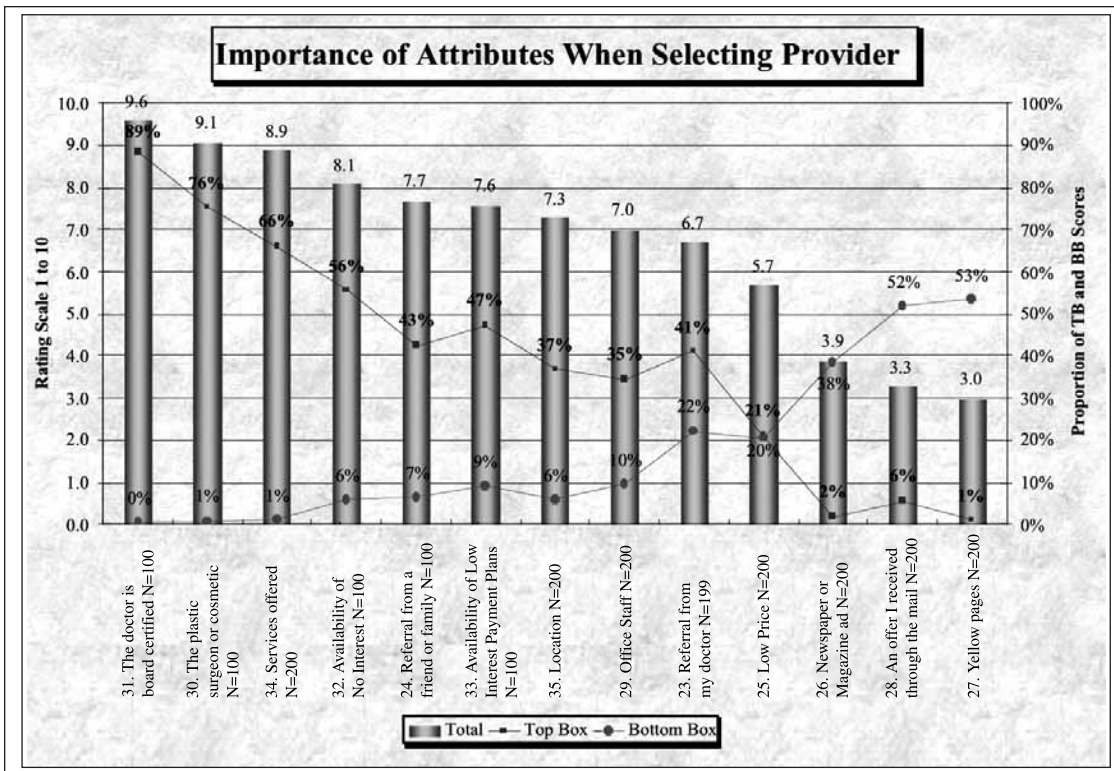
With over 60,000 healthcare practices enrolled, CareCredit® is the nation's leading patient payment program and has helped over 5 million patients get the treatment or procedures they needed or desired. With a comprehensive range of plan options, for treatment or procedure fees starting at \$1 and up, CareCredit has a plan for almost everybody. CareCredit has earned the exclusive endorsement of 51 major state and national healthcare associations, including the ASPS® and ASDS®. To contact CareCredit, call 866-247-3049.

The Importance of Practice Attributes and Other Influences

Patient payment plan programs are not the most important consideration when patients select a provider. However, for this segment of the patient population, a no interest payment plan is viewed as more important than all practice attributes except the clinical profile of the practice. That is, a no interest plan is fourth most important, behind:

- The practitioner being board certified (9.6).
- The practitioner’s reputation (9.1).
- The services offered (8.9).

With a rating of 8.1, no interest payment plans are more important than the remaining nine attributes that were tested. Referral from a friend or family (7.7) and the availability of low interest payment plans (7.6) are tied for the fifth most important attribute. Sixth through thirteenth in level of importance are physical location of the office, the office staff and communications programs.



Problem Definition

As interest in cosmetic procedures widens to a more economically diverse patient base, research has shown that cost remains the primary reason many patients don't move forward with procedures or even seek a consultation. This study explores the positive influence patient payment programs can have on patients who are considering cosmetic procedures. The research reveals patients who want payment options like CareCredit® are an audience that warrants attention. This segment of the market exhibits behavior crucial to the success of any cosmetic procedure provider. They are loyal patients that are likely to accept treatment plans, spend more on procedures than they would if payment plans were unavailable, schedule their procedures quickly and refer their cosmetic provider to their friends and family. In fact, these candidates embody many of the attributes and characteristics that most providers would consider ideal.

In this study, Inquire Market Research assessed the impact of payment plans on attitudes and behavior during and after the patient decision-making cycle.

Methodology

Inquire Market Research surveyed patients who used CareCredit to pay for their cosmetic procedures to determine the impact payment plans had on their decision. The resulting data provides sound evidence that the availability of payment plans has a positive impact on how patients behave and the opinions they hold about their cosmetic provider. While not all patients want or need payment plans, research shows the segment of the patient population that wants the option responds very positively to CareCredit Patient Payment Plans.

The research methods are:

- Data acquisition was by means of telephone interviews.
- Findings are based on a national probability sample of 200 respondents.
- Opinions are expressed using a scale from 1 to 10, with 10 being the highest or best rating.
- The sample was divided evenly between four geographic regions of the U.S.
- No respondent incentive was paid to motivate participation.
- The margin of error, at the 90 percent level of confidence, is ± 5.6 percent.

Cardholder Psychology and Demographics

A snapshot of the segment of the patient population that desires payment options reveals they are relatively young with an average age of 35 years old. They tell us the availability of payment plans is important when selecting a practice; and, it plays a positive role in the decision to schedule an appointment.

Respondent Profile:

- 52% (Over half) of the respondents have annual household incomes in excess of \$75,000.
- 20% of these respondents have annual household incomes in excess of \$100,000.
- 48% of the respondents have either a four-year college degree or a post graduate degree.
- Two-thirds of the respondents work full time and own their own home.
- 96% speak English.

Key Findings

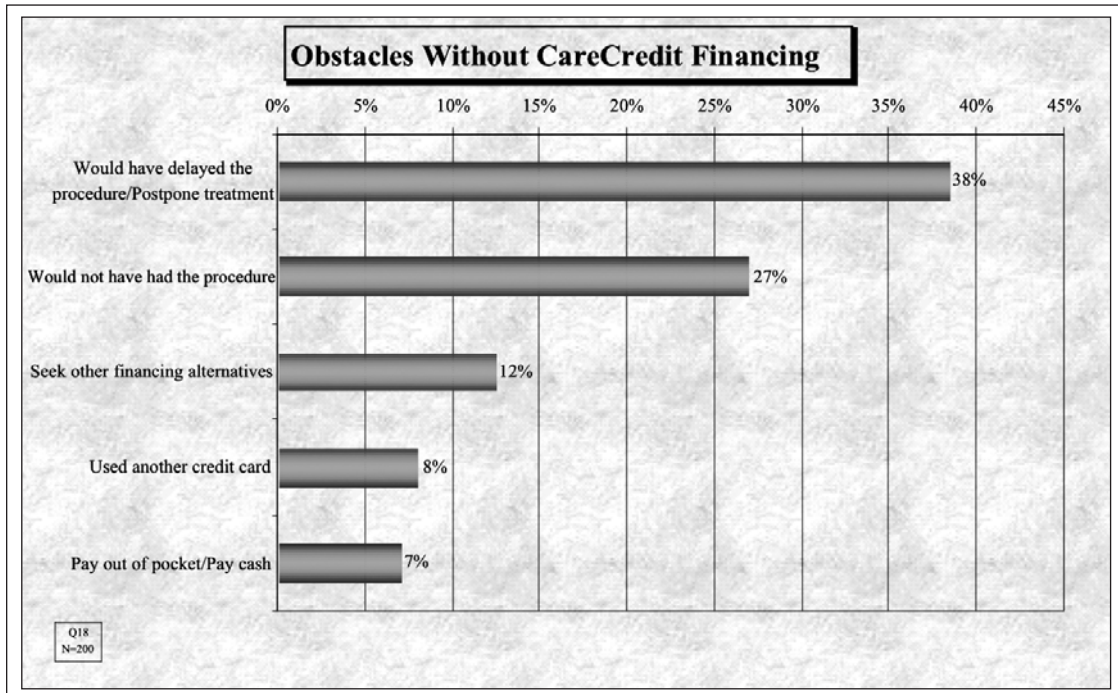
Positive Attitudes Toward CareCredit

- Patients using CareCredit give the program a satisfaction rating of 9.3 on a ten point rating scale. Considering that many respondents never rate anything a 10, this rating is considered a top box score.
- Over one-third (36%) of respondents give their rating based on the application and approval process. Over one-fourth of cardholders say they like the zero or low percent interest rate and the fact that payments fit comfortably into their budgets.

Positive Attitudes Toward the Practice

- In addition to the positive opinion users have about the services CareCredit offers, practices that make the program available are also perceived in a very positive way by patients who use the payment option.
- Patients who used CareCredit report they left the practice feeling they received a good value, and that the practice was looking out for their best interest. In combination with the previously mentioned benefits of choosing the practice, scheduling the procedure, higher spending, planning return visits and referring the practice to acquaintances — the package of benefits received by practitioners who offer CareCredit is considerable.

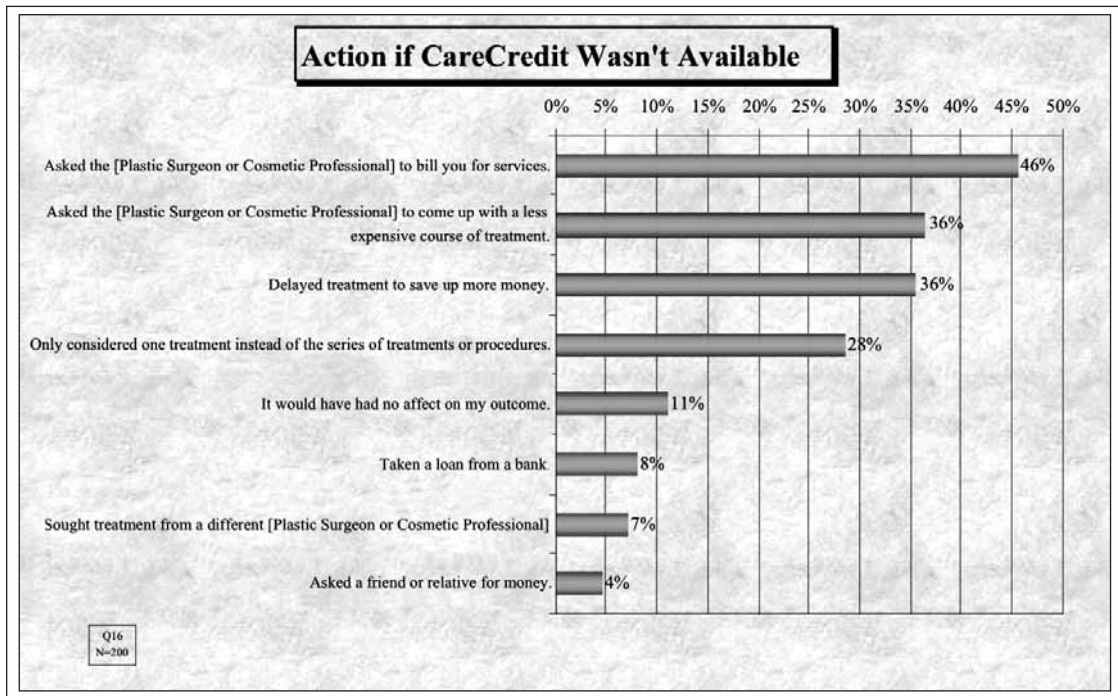
When asked how significant the impact of not having CareCredit would be on their decision to have a procedure, nearly two-thirds (65%) stated they would delay treatment (38%), or not have the procedure (27%). Only about one-fourth (27%) say they would have proceeded with the procedure using another form of payment.



Actions in the Absence of CareCredit

In the absence of CareCredit, respondents would have taken a number of actions that can impact negatively on the revenue of a practice including:

- Request the practice bill them for services—nearly one half (46%) of respondents.
- Ask for less expensive treatment—about one-third (36%) of respondents.
- Delay treatment to save money—about one-third (36%) of respondents.
- Have one treatment or procedure instead of a series—about one-fourth (28%).
- Only about one in ten said there would be no affect on their decision.



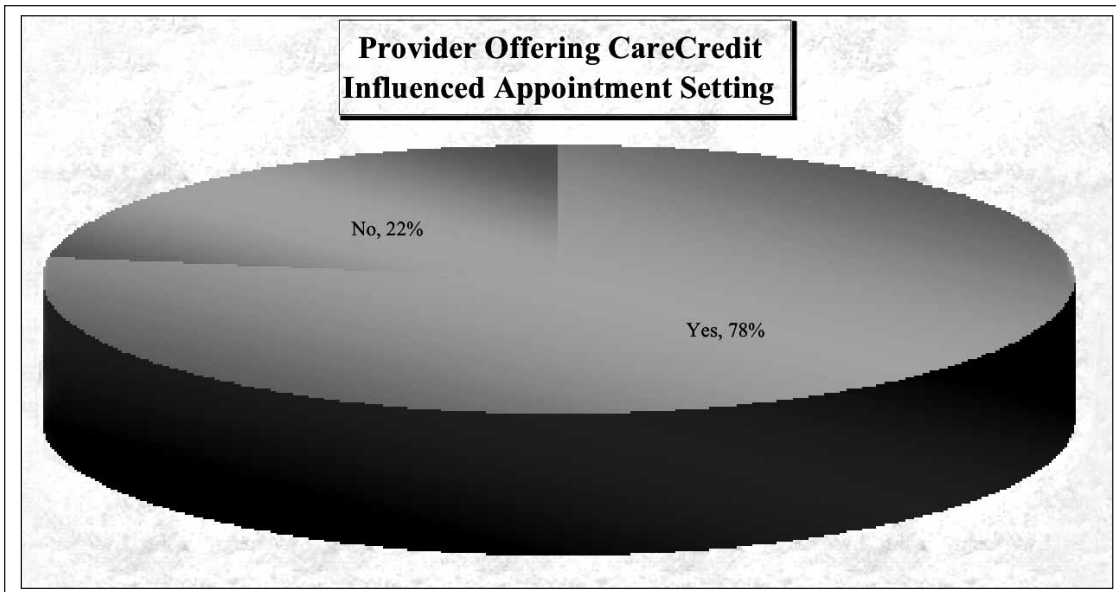
Patient Behavior in the Absence of Patient Payment Plans

Practices that fail to offer patient payment plans may be unaware of its importance in the selection process for this segment of the patient population. Patient payment plans is one of the criteria used to select an appropriate practice from a broad array of potential providers. And, payment options play an important role in the decision to schedule an appointment for treatment. Practices that don't offer payment options may not even see prospective patients for whom this is an important consideration.

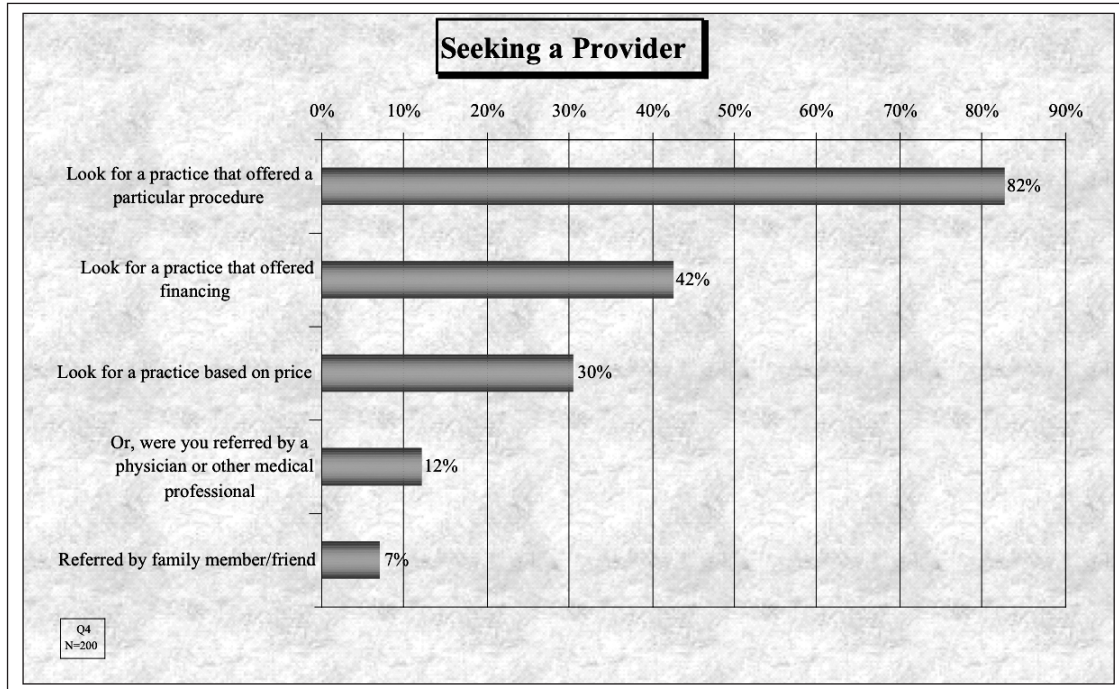
When asked what they would do in the absence of CareCredit, this segment of the patient population would select various actions that could have a negative affect on the practice. These patients would delay treatment, request a less expensive treatment option or consider asking the practice to bill them over time. They would also consider having a single treatment instead of a series of procedures or choose not to have the treatment at all.

Positive Impact on Choosing a Practice

Offering CareCredit increases a provider's chance of being selected by a patient. Nearly four out of five CareCredit users (78%) say knowing the provider offered CareCredit influenced their decision to schedule an appointment.



Two out of five respondents who used CareCredit sought out practices that offered patient payment plans—a criteria for selection that is second only to seeking out a practitioner that offered a particular procedure. When shopping for a practice, this segment mentions payment plans as an important consideration more frequently than: price; referral by a physician, friend or family member; the practice’s reputation; and, the physician’s credentials.

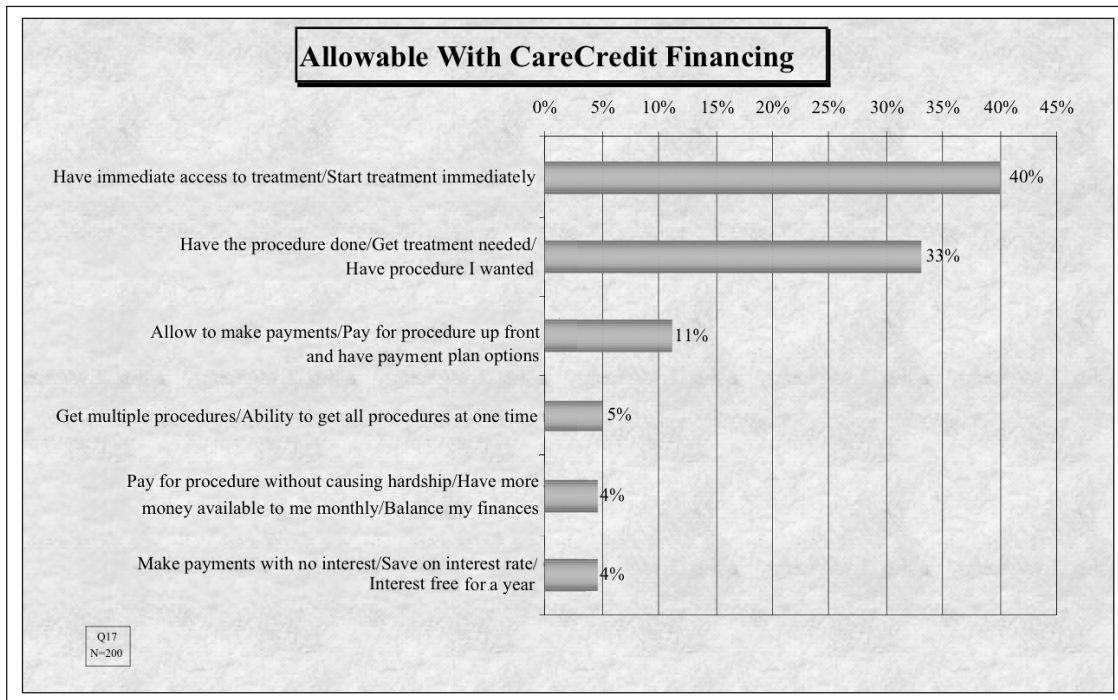


The Number of Practices Visited During the Selection Process

From this research, we know that two-fifths (40%) of patients visit more than one practice before choosing a practitioner. Because a great deal of planning and effort goes into attracting new patients, it is important practices appear as attractive as possible to prospective patients. One way practices can accomplish this is by eliminating as many obstacles to acceptance as possible such as providing payment plans as a value-added service.

Impact on Scheduling Appointments

According to the survey respondents, CareCredit is a positive influence on a number of decisions surrounding their procedure. Two out of five patients (40%) say having CareCredit enabled them to proceed with their treatment immediately. Nearly one-third of the respondents (33%) say CareCredit allows them to schedule the treatment they need. About one in ten respondents (11%) agree the biggest benefit is the ability to make payments over time. A small portion say payment options allow them to get multiple procedures, get the procedure they desire without causing a financial hardship, and make payments over time without paying interest.



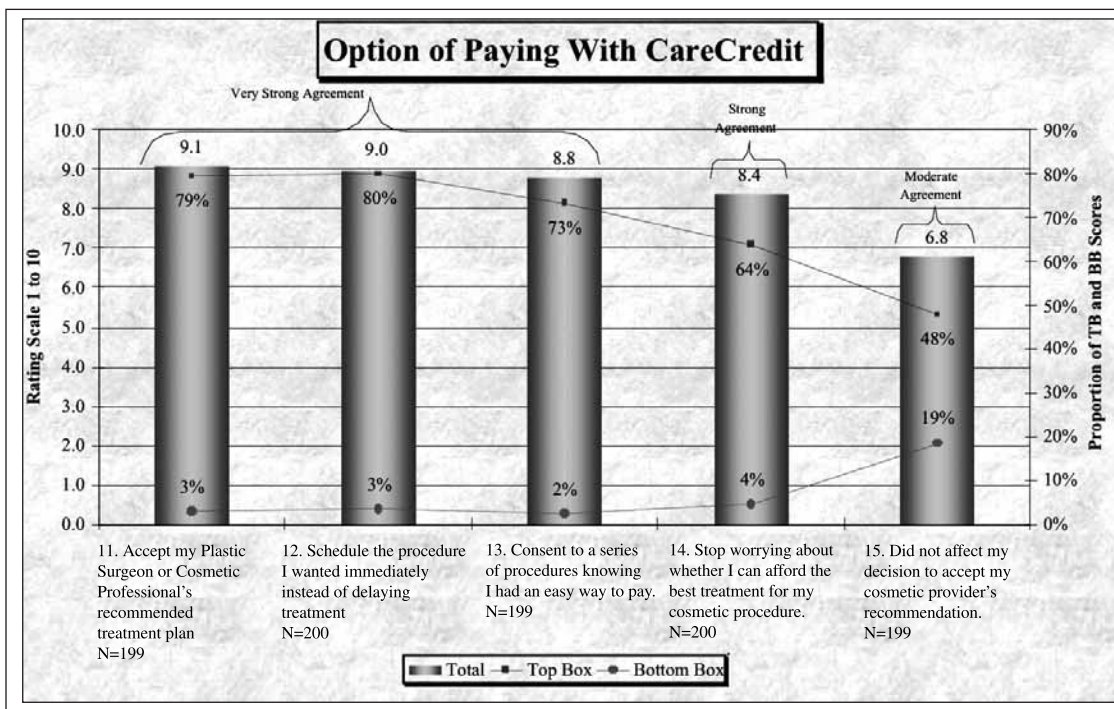
Impact of Obtaining CareCredit Financing on Spending

Patients spend more on their cosmetic procedures when they have the option of paying with CareCredit. Nearly half of the respondents (45%) say having CareCredit resulted in increased expenditures. Those who spent more after acquiring CareCredit say the average increase in expenditures is 71%.

Positive Impact on Treatment Acceptance

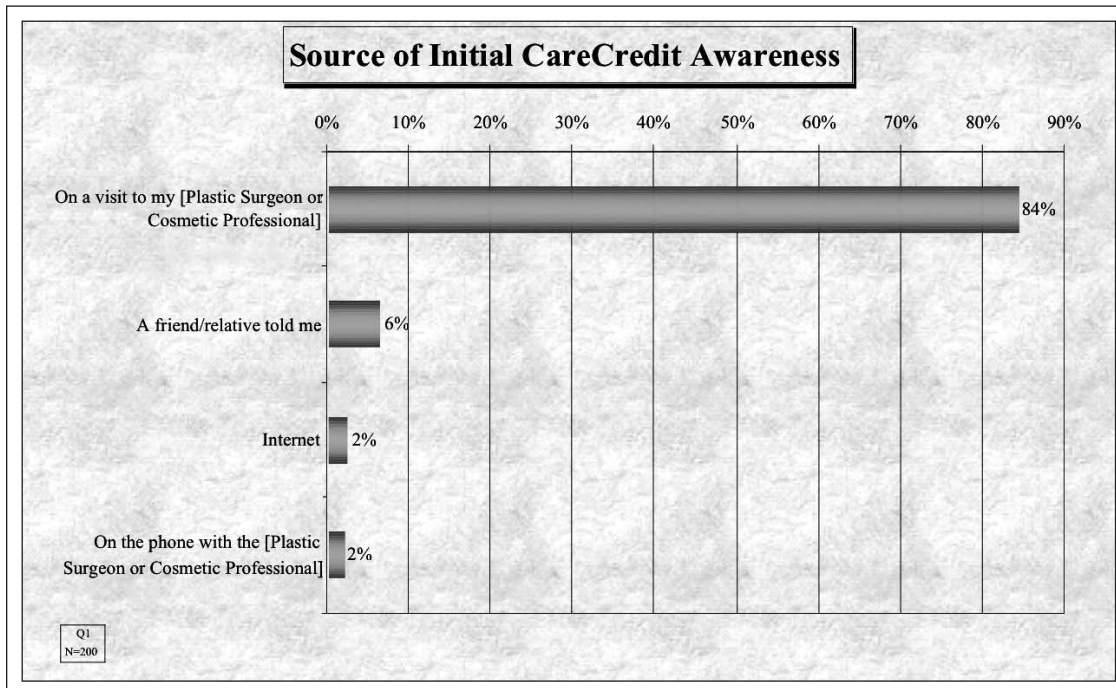
The availability of patient payment plans can have a major impact on the ability of patients to accept the optimal treatment plan. Respondents who used CareCredit agree having CareCredit allows them to:

- Accept the recommended treatment plan (9.1).
- Schedule the desired procedure immediately, rather than delaying treatment (9.0).
- Consent to a series of procedures knowing they had an easy way to pay (8.8).
- Stop worrying about their ability to afford the best treatment for their cosmetic procedure (8.4).



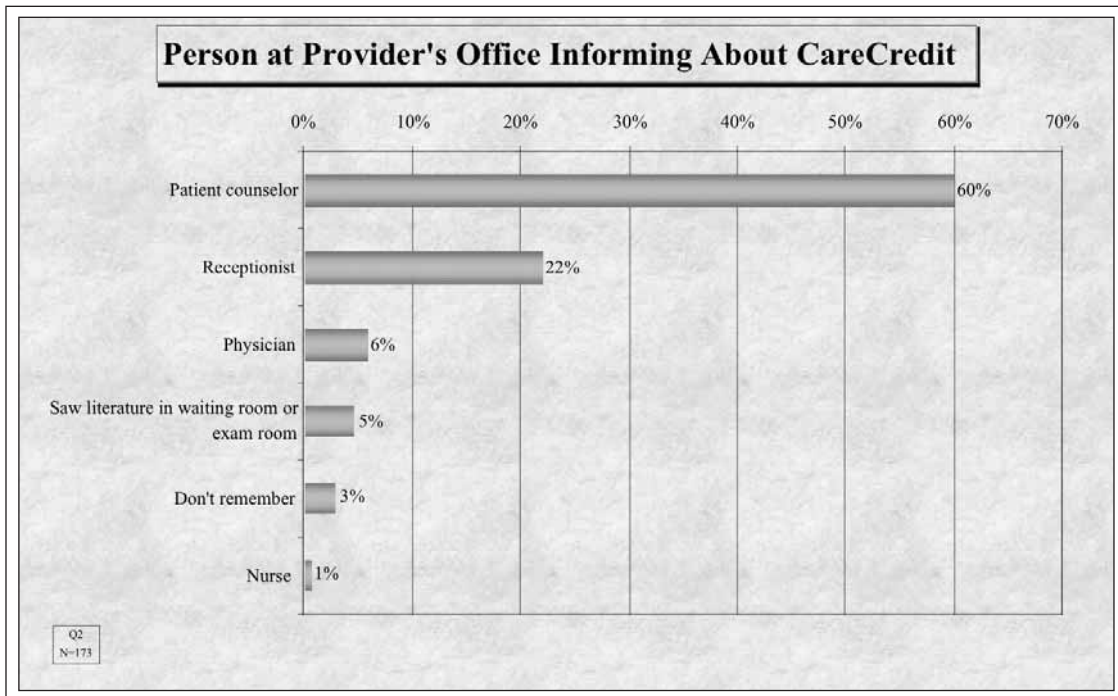
How Patients Learn About CareCredit

For practices considering a patient payment program, it is important to understand how and when patients learn about payment options during their decision-making cycle. While a small proportion of patients learn of CareCredit by word of mouth (6%) and the internet (2%), the vast majority of patients learn about the program on a visit to the office (84%) or when speaking with the office on the phone (2%). Many practitioners successfully use payment plans as a way to stop patients from price shopping by giving them an attractive payment solution they may not receive at other practices.



Informing Patients About CareCredit

Practices planning to offer CareCredit must be certain key office staff members are well versed about the program. Patients are most likely to learn of CareCredit from the patient counselor (60%) and the receptionist (22%). However, practices in which every member of the team has a basic knowledge of the program and can refer the patient to a counselor for additional information, consider this model a proven and effective way to promote CareCredit.



Positive Impact of CareCredit on Opinions of the Practice

Practices benefit when they offer CareCredit to their patients. Respondents who used CareCredit expressed strong, positive opinions of the practice and are most likely to agree that having CareCredit:

- Makes them more likely to recommend the practice to their friends and family (9.1).
- Makes them more likely to return to the office for additional services (8.9).
- Makes them feel they received a good value (8.5).

