

When Credit Limits Hurt Patients

 myalphaeoncredit.com/blog/2017/11/21/when-credit-limits-hurt-patients



When evaluating financing options for patients, most practices look for a company that will approve as many patients as possible, for as much as possible, and at the lowest rate to their practice.

Often if patients receive credit limits high enough to cover the costs of the procedures, the practice and the patient are satisfied. Everyone wins - right? However, did you know that credit limits only covering the procedure costs may be hurting your patients?

A little background...

A patient's credit score is heavily influenced by their utilization ratios. This is calculated by comparing credit card balances to the actual credit limits. While the models vary by each credit reporting agency, most look at both the patient's usage of individual credit cards, as well as overall usage for all credit cards. Having one or multiple card balances close to their limits or worse, maxed out, lowers the patient's credit score. In fact, credit card utilization ratios account for 30% of an individual's credit score. The only factor that is weighed more heavily is payment history.

So, when a patient is only approved for the credit limits needed for a procedure, it may unknowingly, negatively impact one's credit score.

In addition, patients who don't receive the credit limits needed to say "yes" often end up going to another provider who offers procedures for less. Or, they start compromising by selecting another procedure or service that is within their credit limit.

While practices want to help patients with the procedures they desire or need, cost can get in the way. So what can be done?

The best course of action is to evaluate patient financing companies based upon average credit limits provided...most companies will tell you their average credit limit or even the average credit limit for your particular practice. By promoting the companies that provide the highest credit limits to begin with, patients will be in the best possible position from a credit utilization ratio.

Want to learn more?

30% Credit Utilization Rule: Truth or Myth

TO REACH A MEMBER OF THE ALPHAEON TEAM - ANYTIME

CALL 920-306-1794 OR EMAIL TEAMCREDIT@ALPHAEON.COM