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Taking an interest in health care

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The zero-percent financing and extended payment offers common in furniture and other retail stores are making inroads in the health care industry. Spectrum Health's recent decision to give patients two years to pay off medical bills is an option that could boost its bottom line and peace of mind for patients.

The no-interest payment plan unveiled last month is not a miracle cure for people facing unexpected and expensive medical bills, but could make payment less burdensome. It might also increase the chances of collecting outstanding payments.

Spectrum joins 20 other hospitals in 12 states using the CarePayment program offered by Oregon-based Aequitas Capital Management. In Michigan, Mercy Hospital in Cadillac and Grayling; Eaton Rapids Medical Center in Eaton Rapids and Schoolcraft Memorial in Manistee, also offer CarePayment. The revolving line of credit lets patients make monthly payments over 25 months. That could make out-of-pocket medical expenses easier to digest, especially for the uninsured. People with insurance who are facing rising deductibles, co-payments and other out-of-pocket costs can make use of the payment plan, too. It's open to everyone, regardless of insurance coverage.

More than 400 Spectrum patients have signed up for the program since it debuted Oct. 1. By contrast, only 100 people participated in the hospital system's interest-bearing loan programs in the past, in which minimum payments might not equal the amount of interest owed, making it a no-win proposition for the cash-strapped.

The new CarePayment option covers all Spectrum-affiliated hospitals, including the Blodgett, Butterworth, Reed City and United Memorial (Greenville) campuses. Patients opting to use the program receive a hospital-branded payment card and can add additional hospital charges as long as payments are current. The minimum monthly payments are only 4 percent of the highest balance or \$25, whichever is greater.

Make no mistake, the program is a tool to increase the odds that patients without insurance will pay their tab. But the program could allow people to receive treatments that otherwise might be out of reach if payment has to be made upfront.

Aequitas, which launched the program two years ago, says it has netted hospitals between 20 percent and 40 percent of what they bill -- better than the 8 percent to 10 percent hospitals typically recoup from the uninsured. CarePayment gives hospitals some immediate funding for patient balances prior to billing and collection on accounts judged good risks.

Big medical bills have become a leading cause of consumer bankruptcy in recent years. Providing patients with more payment options can help ease their concerns about whether they can afford to get sick.

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