



Patient Financing and Practice Growth

What to Expect Post COVID-19
May 5, 2020

Dave Roehr, CEO



- 30+ years in banking, credit lending, and strategic growth
- Led Cabela's unprecedented growth as their CFO and President
- Founder and former CEO of World's Foremost Bank for Cabela's co-branded Visa credit cards
- CPA, Former partner with the national firm Grant Thornton, LLP

Agenda

- Patient Lending Post COVID-19
- Government Programs
- How Patient Financing Works
- Patient Financing Options
- Creating Affordability
- How to Contact Us

Patient Lending Post COVID-19

Credit Markets for “Unsecured” Consumer Loans

- Banks and Capital Markets are contracting
- Availability of credit is tightening
- Liquidity is key for lenders
- Industry layoffs are significant

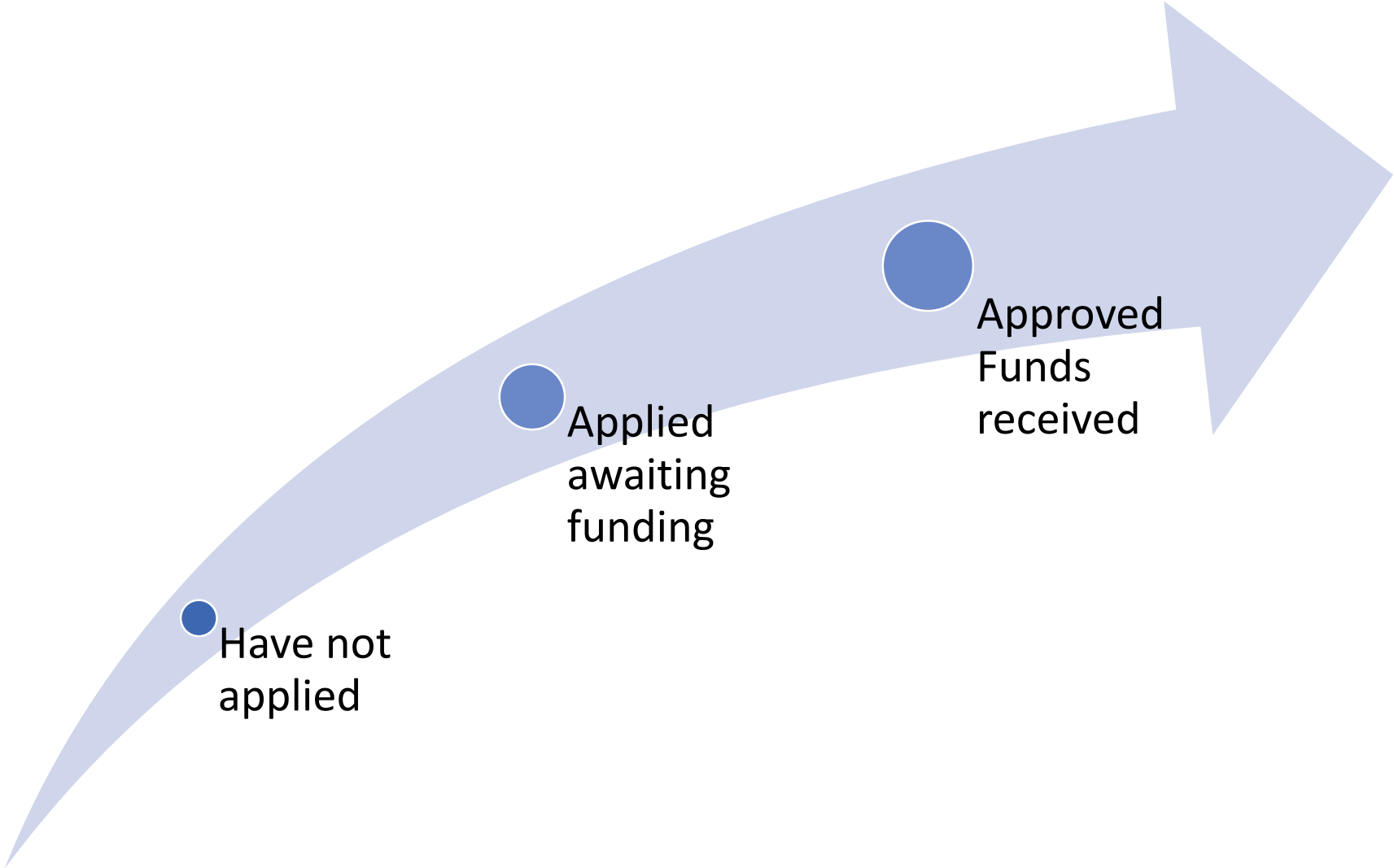
Lenders and Providers

- Additional verification processes will be required (employment and income)
- Instant decisioning platforms will change
- Lower approval rates for unsecured credit
- Extending credit to lowest risk borrowers only
- Will have to adjust approvals based on available liquidity
- Credit losses will spike, and the cost of credit will increase for borrowers and providers

Consumers

- Uncomfortable spending for non-essentials
- Need for affordable financing that can be paid back over time
- Will want to save their nest egg in case they need it
- Unemployment concerns will change behavior
- Concerns for the economy will be significant
- Return of consumer confidence is key

Payroll Protection Program



Payroll Protection Program

Payroll Protection Program Forgiveness Provisions

- Apply through lender for forgiveness after completion of covered 8-week period
- The rules state non payroll expenses cannot exceed 25% of the total forgiveness
- Determine qualified expenses incurred during covered 8-week period – payroll and benefits, lease payments, utilities, qualified interest
- Need to perform headcount and wages test to determine if forgiveness amount is reduced
- Documentation needs to be submitted to lender:
 - Payroll reports and payroll tax filings
 - Account statements or payment receipts of covered interest paid
 - Lease agreements for covered rent payments
 - Cancelled checks or evidence for covered utilities payments
 - Certification statement – true and accurate use of loan proceeds
- Determination of forgiveness made by lender within 60 days of submission
- Amount of loan forgiven is NOT taxable income

Payroll Protection Program Payback Requirements

- If above forgiveness provisions are not met, loan terms are as follows:
 - Payments are deferred for 6 months; however, interest will continue to accrue over this period
 - Interest is fixed at 1.00%
 - Loan is due in 2 years
 - There are no prepayment penalties or fees

CARES Act

Additional Programs to Consider

Economic Injury Disaster Loans (EIDL)

- Quick infusion of smaller amount of cash to cover you right now
- Lower interest loans up to \$2 million – principal and interest deferment – for expenses incurred
- Grants also available up to \$10,000 after applying for EIDL – does not need to be repaid
- No effect on federal Income tax - canceled indebtedness not included in taxable income
- Application Deadline is December 17, 2020

Main Street Lending Program (MSLP)

- Eligible businesses: Up to 10,000 employees or up to \$2.5 billion in 2019 annual revenues
- U.S. Based operations
- Loan Terms:
 - Maximum maturity of 4 years
 - Interest rate is the adjustable Secured Overnight Financing Rate plus 250-400 basis points
 - Principal and interest payments deferred for one year
 - Minimum loan size of \$1 million; Maximum loan size is lesser of \$25 million or an amount that doesn't exceed six times EBITDA
 - Early payment is permitted without penalty

For additional information – visit Small Business Association (SBA) – www.sba.gov

Re-Opening Your Practice

Make your team feel safe

- Meet with team members via video to formulate a plan
- Implement a soft launch prior to officially opening
- Invest in personal protective equipment

Make patients feel safe

- Pay special attention to air quality and circulation
- Maintain social distancing
- Contact patients prior to visits
- Waiting room and operatory protocols

ADA's Return to Work Interim Guidance Toolkit

- Welcome Back Reassurance Letter
- Pre-Appointment Screening Process
- In Office Patient Registration Procedures
- Reception Area Preparation Strategies
- Chairside Checklist
- Staff Protection Strategies
- Shopping List

Meeting expectations of your patients

- Prepare for pent up demand
- Extended hours for office and staff
- Create opening plan
- Scheduling and consultations
- Prepare staff accordingly



For additional information visit: American Dental Association (ADA) – www.ada.org

Patients Care About Options



94%

of Patients

expect their Provider to tell them about payment options including long-term financing



92%

of Patients

said they would go back to a facility that offers a loan program

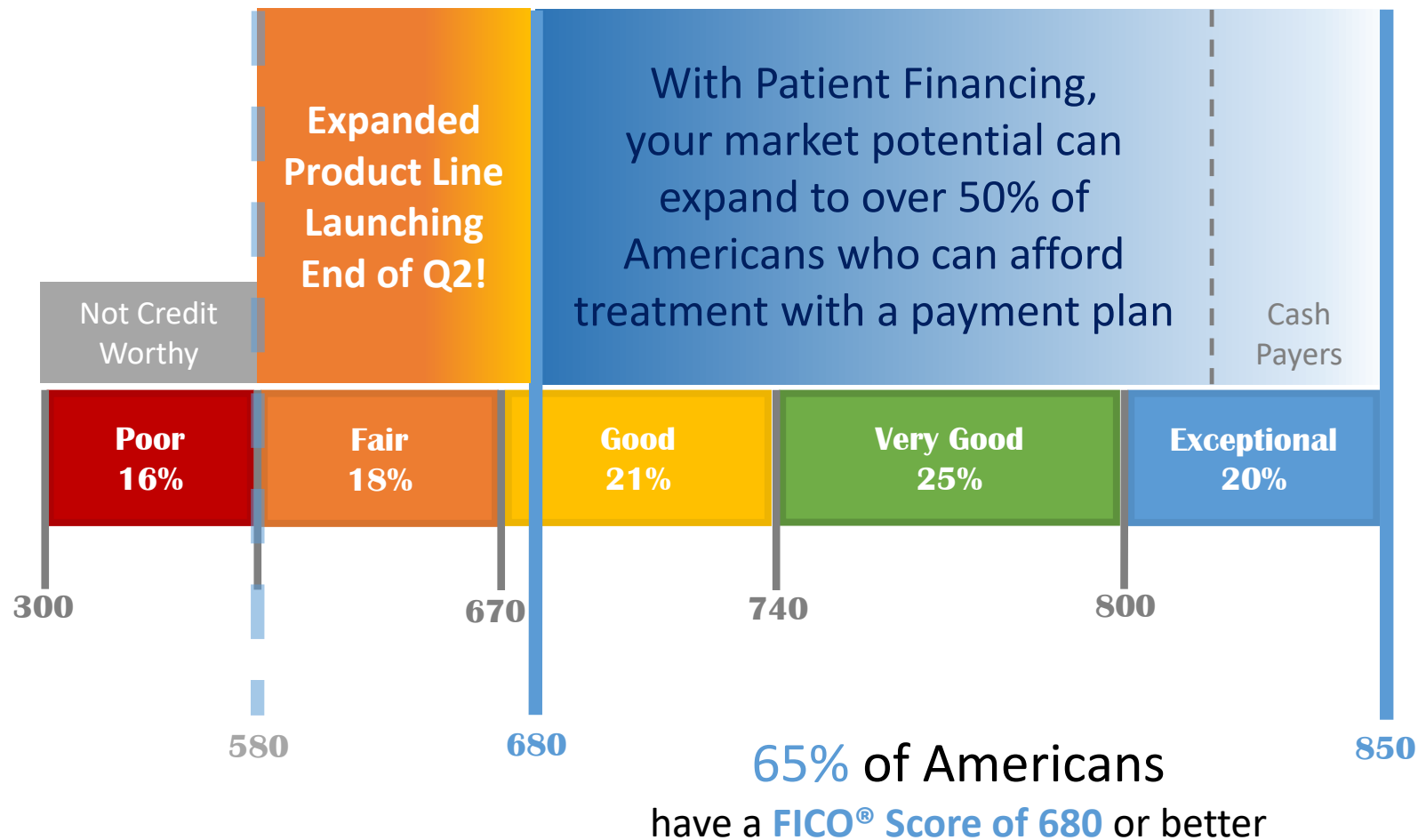
Source: Becker's Hospital Review, December 18, 2018; <https://www.beckershospitalreview.com/finance/94-of-patients-expect-their-provider-to-tell-them-about-bill-payment-options-survey-finds.html?fbclid=IwAR3eV3JRMymZDV61rQd1rdAXgutX6SNX0d2gQqjkMKPeX64OYPCdc0Mo4Ho>

Four Primary Models Available to Providers

These can be complimentary as a finance offering – they do not have to be mutually exclusive:

- Credit Card/ Revolving Credit Model
 - For smaller loans (typically <\$5000)
- Interest Free/Interest Deferred Plans
 - Between 6-24 months
 - Example: 0% Promotions
- The Unfunded Model
 - Provider is lender
- The Funded Model
 - For large loans (typically >\$5,000)
 - Generally term loans

Defining the Market Potential



What can I expect from my patient population?

- 16% of Americans with a credit score are not credit worthy (<580 credit score)
- Credit scores change from month to month, so tell patients to frequently monitor theirs
- Just because someone is declined now, doesn't mean things can't change in 6-12 months



Affordable Payments

The key to patient acceptance is the size of the monthly payment

- Patients will say “yes” if their treatment plan looks more like a car payment than a house payment

Sources of Funding

Cash or Investments	Secured Loan Sources	Unsecured Loan Sources	Other Support	Hidden Resources
<ul style="list-style-type: none">• Cash• Health Saving or other Flexible Spending Account• Brokerage Accounts - stocks and bonds	<ul style="list-style-type: none">• Home Equity Loan or Line of Credit• Vehicle Equity Loan• Investment Loan - secured with available funds from brokerage or retirement accounts• Life Insurance Loan - secured with CSV from insurance policies	<ul style="list-style-type: none">• Credit Cards• Bank or Credit Union Signature Loan - regulated institutions will rarely offer unsecured credit• Internal Financing - provider finances the patient• External Financing - Proceed Finance and other 3rd parties	<ul style="list-style-type: none">• Loans or gifts from family or friends• Co-Borrower• Sell assets• Community support	<ul style="list-style-type: none">• Other Sources of Income• Potential tax benefit as a qualified, deductible medical expense (0-50%)• IRA or Retirement Plan distribution as a LAST resort

Know Your Lenders

*Expanded Product Line launching in Q2 extends underwriting and will mean approval rates as high as **70%!**

¹Based on best estimate of average Provider discounts

	Proceed Finance	Competitor #1	Competitor #2	Competitor #3
Approval Rate	51.5%*	68.8%	51.7%	54.9%
Average Approved Credit Limit	\$42,730	\$14,313	\$12,386	\$5,404
Average Funded Loan	\$24,728	\$11,289	\$6,830	\$2,677
100 Applicant Case Study				
Approved Loans	51	68	51	54
Loans Accepted (50% Conversion Rate)	26	34	26	27
Average Funded Loan	\$24,728	\$11,389	\$6,830	\$2,677
Total Funded Loan \$	\$642,928	\$387,226	\$177,580	\$72,279
Discount ¹ (Cost)	(\$45,005)	(\$19,361)	(\$7,990)	(\$3,614)
Total Net Revenue	\$597,923	\$367,865	\$169,589	\$68,665
Gross Revenue Potential (based on average approved credit limit)	\$2,179,230	\$973,284	\$631,686	\$291,816

NOTE: This data is pre COVID-19

Proceed Finance IS Different

- Patient-friendly
 - Instant decision, *unsecured*, fixed term loans from \$2,500 - **\$60,000**
 - Repayment terms **up to 96 months**
 - Interest rates from 3.99% - 17.99%
 - No prepayment penalties
- Provider-centric
 - Providers directly receive money within 2 days of loan approval via ACH
 - Most full-amount approvals in the industry
 - We offer consulting services to help Providers GROW their business

Patient Creditworthiness	Proceed Finance	Other Lenders
A	Approve with equal or <i>lower fees</i> than other lenders	Approve with equal or <i>higher fees</i>
B		
C		
D	Approve	Denied or offered only partial amount approval
E	Approve	

Proceed Finance Advantages

- Liquidity
- Unchanged Underwriting
- Added technology to make verification processes smoother
- Expanded credit offerings
- Affordable payment plans for more of your patients

Available Resources

- **ADA – Resources & Webinars**
www.ada.org
 - Return to Work Interim Guidance Toolkit
 - COVID-19 Resources for Dentists
 - ADA Foundation Assistance Program
 - Financial Assistance from Third Party Payers (by State)
 - Free e-book resources on management, regulatory issues
 - Renegotiating Existing Contracts
 - Webinars
- **Small Business Association (SBA) –**
www.sba.gov
 - Paycheck Protection Program
 - Disaster Assistance
- **U.S. Chamber of Commerce**
 - Emergency Loans Small Business Guide and Checklist
- **U.S. Senate Committee**
 - The Small Business Owner’s Guide to the CARES Act
- **Centers for Disease Control & Prevention (CDC) –**
 - Interim Guidance for Businesses and Employers to Plan and Respond to Coronavirus Disease 2019
- **Cybersecurity and Infrastructure Security Agency (CISA) –**
 - Defending Against COVID-19 Cyber Scams

Contact Us

For Questions on Paycheck Protection or Other Assistance Programs:

Dave Roehr

- CEO/President
- dave@proceedfinance.com
- 402-405-7252

Amy Lockman

- VP of Finance
- amy@proceedfinance.com
- 531-333-4034

For Questions on Financing Products or Becoming a Client:

Nash Roehr

- Sr. Strategic Account Manager
- nash@proceedfinance.com
- 402-432-5060

Jon McNew

- Director of Client Relations
- jon@proceedfinance.com
- 402-250-3500

Becky Kopecky

- VP of Operations
- becky@proceedfinance.com
- 531-333-4145