



Tummy Tuck Loan? You Bet

Sofia Kosmetatos / The Detroit News

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Jawana Edwards, a Redford Township mother of two, contemplated surgery to flatten her tummy for two years, but it was out of her financial reach until this summer, when she learned about medical loans available through her plastic surgeon's office.

Edwards, 36, borrowed \$6,000 from CareCredit, a unit of GE Money that contracts with doctors to provide medical loans for patients. She had the surgery in July, and convinced her friend and sister to finance their own tummy tucks this summer through the same lender.

With an eye toward patients like Edwards who want to improve their looks but can't afford up-front payments for pricey cosmetic procedures, more doctors and dentists are offering financing for elective medical procedures such as tummy tucks, teeth whitening and LASIK eye surgery. Even veterinarians offer medical loans for pet health care.

"It has truly changed my life," said Edwards of her tummy tuck. She now routinely exercises and acknowledges she likes the self-esteem boost that comes with slimming down.

How much this area of lending has grown is unclear, because data is difficult to come by. But industry analysts and lenders say it is increasing and will only get bigger, as more of the middle class look to installment loans to get cosmetic procedures once limited to the wealthy -- like breast augmentation and porcelain veneers made popular on television shows like "The Swan" and "Dr. 90210."

The offers, including some that tout zero interest for a few months or longer, can be a great deal for consumers who may not have a bundle of cash to pay for procedures up-front. But experts warn there can be a flip-side in fees and very high interest rates if customers can't pay within the interest-free time or miss payments on an installment plan.

It's easy to see how more people would seek lines of credit for medical procedures like they do to purchase cars and flat screen TVs, said Michael Klozotsky, a research analyst with Kaulkin Ginsberg, a Maryland-based advisory firm to the accounts receivable industry.

"What you have done is commoditize a health care procedure," he said.

CareCredit won't disclose the dollar increase in its loan volume, but President Mike Testa said the 20-year-old company has grown 50 percent a year for the past five years. CareCredit has a large presence in Michigan and is considered the largest lender of its type in the country -- growth it has achieved in large part through winning endorsements of state and national medical and dental associations.

Zero interest is a big draw

Zero interest financing on new porcelain veneers has Erica Lee smiling.

The Royal Oak resident wanted to spiff up her smile for years, but hesitated at the steep cost. She saw the perfect opportunity last month at the office of a Clawson dentist, Dr. Alan Grodin, who offered financing with no interest for 12 months through CareCredit.

"It was a really good deal," said Lee, 33, who figures she can pay most, if not all, of the \$12,000 bill in a year.

Any balance that carries over will be assessed at an interest rate comparable to a store card, likely in the 20-percent range, so Lee plans to pay it off quickly.

For Francie Finnegan, 56, signing up for CareCredit was a quick and easy way to finance the cost of exams and scans by veterinary specialists this year when Deacon, her 13-year-old Dalmatian, fell ill.

Finnegan, of Pontiac, is financing \$3,400 over five years, and says the deal is better than it would have been on her regular credit card.

Credit for medical purposes

The biggest players in the medical loan field are attached to well-known financing companies GE Money and Capital One. They offer installment loans or credit cards that can be used only for medical purposes at participating doctors' offices.

Financing varies, but often includes no-interest options. CareCredit, for example, offers three-, six-, 12- and even 18-month interest-free plans.

Fixed-rate plans are also available for patients who don't think they can pay off their debt in the zero-interest period. Those fixed-interest plans for 24, 36, 48 or 60 months start at 11.9 percent at CareCredit, and can be paid off early with no penalty. Plans can vary according to the patient's credit and what the doctor chooses to offer.

Medical financing companies tend to charge doctors higher fees for their lending services than credit card companies do, but many doctors say the extra business is worth it.

"It's the cost of doing business," said Dr. Bruce Chau, the Southfield-based plastic surgeon who operated on Edwards, her sister and her friend.

About 80 percent of Chau's patients charge their procedures, and between 15 percent and 20 percent use CareCredit, charging an average of \$4,000 to \$5,000. He also offers two other medical financing services, although most patients go with CareCredit.

Third-party lenders also offer a good alternative to in-house payment programs, like the ones Grodin used to offer at his office. "We used to be the bank," he said. But, "a lot of people weren't paying us."

Henry Ford Health System has offered financing for laser vision correction surgery for six years, said Daniel Badgley, administrator for the Department of Ophthalmology. For LASIK surgery, offering financing plans makes sense because patients perceive it more as a retail purchase than a medical procedure.

"LASIK is perceived to be a very, very retail service," Badgley said. "It's not traditional medicine."

Loans not for everyone

Payment plans through companies like CareCredit are very attractive to patients, especially if they can get an interest-free plan, said Dr. Mark Murphy, a dental practice management consultant and Rochester

Hills dentist.

Even fixed-interest plans could be a good deal, if the interest is lower than on a patient's credit card. And people like not tying up their cards with medical balances.

But medical credit cards could spell trouble for people who can't afford payments, said Mark Rukavina, executive director of the Boston-based Access Project, a health research and advocacy organization.

"A lot of people who have limited resources are being marketed zero interest cards that can jump from zero to 27 percent with a missed payment," he said.

You can reach Sofia Kosmetatos at (313) 222-2401 or skosmetatos@detnews.com.

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