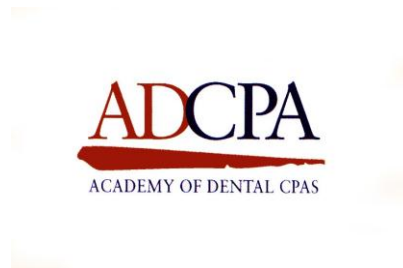


AN ANALYSIS OF

THE IMPACT OF CARECREDIT
ON PATIENTS' USE OF DENTAL SERVICES



In Conjunction with the Academy of Dental CPAs (ADCPA)
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Executive Summary

The Academy of Dental CPAs (www.ADCPA.org) participated in the design, analysis, and review of a large-scale study on how dental patients in the U.S. use dental services over time. The analysis compared households that did and did not have an account with CareCredit. The study examines the annual frequency of dental office visits and the total annual spending on dental services of more than 1 million patient households over a 6 year period. The data was drawn from various practice management software programs in practices throughout the US.¹ This analysis finds that households in which a CareCredit patient financing account is opened, on average, accept significantly more dental services than households that do not open accounts. In addition, the increased acceptance of dental services persisted for the following five years included in the analysis.

In the year in which the account is opened, CareCredit account holding households:

- *Make 62% more dental visits*
- *Accept 282% more dental services (as measured in dollar value)*

In the five years after the account is opened, CareCredit account holding households on average:

- *Make 25% more dental visits per year*
- *Accept 44% more dental services per year*

Methodology

This study examined the patient-level behavior of CareCredit account holders and non-holders to determine how their use of dental services might differ. In this study, the research team examined the annual visit and transaction behavior over a 6 year period (2003-2008) for 1,039,763 unique patient households drawn from 338 US dental practices in 40 states: 1,002,114 patient households that did not use a CareCredit account during the 6 year period and 37,649 households that did use a CareCredit account.*

The data, which originated from various practice management software programs, was anonymous; no patients or practices were identified. The selection of practices was stratified in two ways:

* The total number of patient households consists of any household that visited or transacted at any of the 338 practices during the 6 year period and includes all households that started with or left a practice during that time.

- The mix of practices selected was designed to reflect the proportion of all US practices that offer CareCredit's financing programs.
- The mix of practices selected was also based on annual production so as to assure that the profile of the group on production matched that found in the 2007 ADA Survey of Dental Practices² and 2008 Dental Economics/Levin Group Practice Survey³. This assured that practices of all sizes (based on annual production) were included and in the same proportions as is found across all US dental practices.

A detailed description of the methodology is appended.

Key Findings

Combining all dental services used, however paid (insurance, cash, check, credit card, and CareCredit), and the frequency of all office visits, those who become CareCredit account holders are more valuable to dental practices than non-account holders.

- *There was a substantially higher level of use of dental services among CareCredit account holding households during the year in which the CareCredit account is opened. On average, this difference is \$2,279.*
- *In the five years after a CareCredit account is opened, the difference in frequency of visits and annual expenditures for CareCredit account holding households and non-account holding households remained significant. For instance, a group of 1,000 account holding households would potentially on average make 960 more visits and spend \$382,000 more in any given year than 1,000 of their non-account holding counterparts.[†]*

These findings indicate that households who use CareCredit accept significantly more dental care than those who do not use CareCredit. They contribute to greater practice production and more appointments scheduled.

[†] Median number of patients per GP dentist is 1500. See 2008 Dental Economics®/Levin Group Practice Survey

Appendix: Details of Methodology

Developing Patient Household Behavior

Once the practices were selected the study team received a comprehensive transaction file for each of the 6 years (2003-2008) from each of the practices. This data was recovered from data in the various practice management software programs in use at these practices.

Key Variable Definitions

The key variables used in this analysis were defined and created:

- **Total Annual Visits** is the sum of visits by any patient from the same household during the calendar year. Six such values were created for each patient household, one for each year. Some patients did not, of course, have any visits (or spending) for those years the patient was not active with that practice.
- **Total Annual Spending** is the sum of all charges during each calendar year that were logged for any member of the patient household, regardless of how paid (by insurance or the patient).
- **CareCredit Account Holder Status** was determined by use of the account as a method of payment. The household is considered an account holder if the household used a CareCredit account to make a payment at any time during the 6 year period of the study. Never having used CareCredit to make a payment defined the household as a non-account holder.

Analysis

Once the data was sourced and the variables of the analysis were established, trend analysis for non-account holders was straightforward (see first row of tables below). For account holders, determining the trends for both annual spending and annual visit is not as simple, because the year in which the use of account first appears varies by account holders (see rows 2-7 of tables on page 6).

Absolute Spending by CareCredit Account Holders and Non-Account Holders								
		<i>No. of Households</i>	2003	2004	2005	2006	2007	2008
Non-Account holders		1,002,114	\$808	\$845	\$852	\$835	\$868	\$910
Account holders	<i>1st use in 2003</i>	2,883	\$2,738	\$1,298	\$1,132	\$1,219	\$1,205	\$1,412
	<i>1st use in 2004</i>	2,867		\$3,051	\$1,276	\$1,192	\$1,020	\$1,177
	<i>1st use in 2005</i>	4,376			\$3,183	\$1,330	\$1,105	\$1,185
	<i>1st use in 2006</i>	6,878				\$3,175	\$1,364	\$1,186
	<i>1st use in 2007</i>	10,152					\$3,160	\$1,366
	<i>1st use in 2008</i>	10,493						\$3,213

Absolute Frequency of Visits by CareCredit Account Holders and Non-Account Holders								
		<i>No. of Households</i>	2003	2004	2005	2006	2007	2008
Non-Account holders		1,002,114	3.7	3.7	3.6	3.5	4.2	4.3
Account holders	<i>1st use in 2003</i>	2,883	6.1	5.0	4.8	4.8	4.8	5.0
	<i>1st use in 2004</i>	2,867		6.0	5.0	4.8	4.5	4.9
	<i>1st use in 2005</i>	4,376			6.1	5.0	4.7	4.7
	<i>1st use in 2006</i>	6,878				5.9	5.1	4.6
	<i>1st use in 2007</i>	10,152					5.9	5.1
	<i>1st use in 2008</i>	10,493						6.0

To help visualize differences in account holder use of dental services after acquiring the account, the blue values (values on the bottom diagonal) were rearranged from the two charts above to line up vertically. The vertical averages for expenditures (and total visits) were then calculated. This gives average annual expenditure and average annual visits.

Years Since Account Initiation		<i>0</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
Account Holders	<i>1st use in 2003</i>	\$2,738	\$1,298	\$1,132	\$1,219	\$1,205	\$1,412
	<i>1st use in 2004</i>	\$3,051	\$1,276	\$1,192	\$1,020	\$1,177	
	<i>1st use in 2005</i>	\$3,183	\$1,330	\$1,105	\$1,185		
	<i>1st use in 2006</i>	\$3,175	\$1,364	\$1,186			
	<i>1st use in 2007</i>	\$3,160	\$1,366				
	<i>1st use in 2008</i>	\$3,213					
	<i>Average</i>	\$3,087	\$1,327	\$1,154	\$1,141	\$1,191	\$1,412
Non-Account Holders		\$808	\$845	\$852	\$835	\$868	\$910

Years Since Account Initiation		<i>0</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
Account Holders	<i>1st use in 2003</i>	6.1	5.0	4.8	4.8	4.8	5.0
	<i>1st use in 2004</i>	6.0	5.0	4.8	4.5	4.9	
	<i>1st use in 2005</i>	6.1	5.0	4.7	4.7		
	<i>1st use in 2006</i>	5.9	5.1	4.6			
	<i>1st use in 2007</i>	5.9	5.1				
	<i>1st use in 2008</i>	6.0					
	<i>Average</i>	6.0	5.0	4.7	4.6	4.8	5.0
Non-Account Holders		3.7	3.7	3.6	3.5	4.2	4.3

To draw comparisons to non-account holders across all columns, the actual data for six columns were used.

END NOTES

¹ The data used in this study were collated from clients of Sikka Software, a dental practice optimization & intelligence systems provider headquartered in Milpitas, California. (www.sikkasoft.com) A third-party analytics company reviewed and validated the data from Sikka Software, assuring that the aggregate statistical profile of the 338 sample practices match that of the dental industry.

² 2007 ADA Survey of Dental Practices—Income from the Private Practice of Dentistry.

³ 2008 Dental Economics®/Levin Group Practice Survey
http://downloads.pennnet.com/web_dl/1382.pdf

See also, "An Analysis of the Impact of CareCredit on US Dental Practices" prepared by the Academy of Dental CPAs (ADCPA), July 2005

About the ADCPA



The Academy of Dental Certified Public Accountants (ADCPA) is a national association of accounting firms that specialize in delivering creative solutions that meet the unique needs of the dental profession. The mission of the ADCPA is to enhance its members' expertise through the sharing of knowledge and resources to provide progressive consulting, accounting, and tax services to dental professionals. Serving over 7000 dental practices, it is the first dental CPA organization, founded October 17, 2001, in Scottsdale, Arizona (www.adcpa.org)

About CareCredit



CareCredit's healthcare credit card has helped over 20 million patient/clients get the treatment or procedures they need and want. With a comprehensive range of plan options for treatment or procedure fees, CareCredit offers a plan and a monthly payment to fit comfortably into almost every budget. CareCredit provides patient/client payment plans for Dentistry, Vision Care, Veterinary Medicine, Cosmetic procedures, Chiropractic care, and other Healthcare Specialties. To contact CareCredit visit www.carecredit.com or call 800-300-3046.

