ClearBalance Healthcare

WHITE PAPER

Stop Comparing Models.

Start Maximizing Outcomes in Patient Financing

A Strategic Case for Recourse Financing with ClearBalance

Healthcare organizations today face a defining financial challenge: how to sustainably manage growing patient responsibility while protecting both revenue and the patient experience. Patient financing is no longer a peripheral offering—it is a core component of the revenue cycle and a critical driver of patient access, satisfaction, and long-term loyalty.

Yet too often, the conversation is framed too narrowly: recourse vs. nonrecourse.

> **That simplistic framing misses the point.**

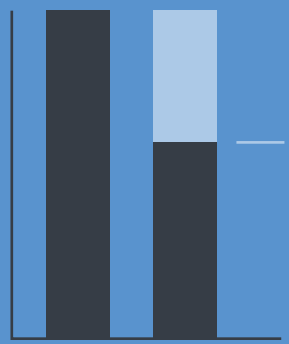
The real question is not which model sounds safer on paper—it is which approach delivers superior outcomes across patient participation, financial performance, operational efficiency, and compliance. When evaluated through that lens, recourse patient financing—particularly through ClearBalance—emerges as the more durable, scalable, and financially sound strategy.

The Enrollment Gap: Where Financial Performance Begins

The most overlooked—and most consequential—difference between recourse and nonrecourse models is not risk allocation. It is participation.

Nonrecourse programs frequently rely on credit-based workflows, including applications and underwriting. While often positioned as "frictionless," the reality is different. Patients are sensitive to any mention of credit, even soft pulls, and many have credit freezes in place—creating immediate barriers at the point of service.

The result is measurable and consistent: the KLAS Patient Financing Services Report, 2026 reports that providers experience 30–40% lower enrollment in nonrecourse programs compared to recourse models that eliminate credit barriers. This matters more than any downstream metric. A program that starts with a smaller patient population is structurally disadvantaged from the outset. No amount of downstream optimization can fully compensate for reduced participation.



Providers experience 30–40% lower enrollment in nonrecourse programs compared to recourse models that eliminate credit barriers.

ClearBalance removes this friction entirely.

With inclusive enrollment that does not depend on credit underwriting, providers can extend financing access broadly maximizing participation and ensuring more patients receive the support they need.

Patient Experience Is a Financial Strategy

Healthcare leaders increasingly recognize that patient experience is not just a satisfaction metric—it is a financial driver.

Research shows that patients who report higher satisfaction and trust in their providers consistently demonstrate significantly higher adherence to treatment and better clinical outcomes. Conversely, poor adherence remains a major issue, contributing to worse outcomes, avoidable hospitalizations, and increased healthcare costs.

Nonrecourse financing disrupts that connection by transferring the financial relationship to a third party. This fragmentation can lead to confusion, dissatisfaction, and erosion of trust—particularly during vulnerable moments in the care journey.

The downstream impact is significant. Recent studies show that as many as 66% of patients will switch providers following poor communication or subpar experience.

ClearBalance takes the opposite approach. Its recourse model preserves the provider-patient relationship throughout the financial journey. Patients interact within a framework aligned to the provider's standards—ensuring consistency, transparency, and trust.

This is not just better for patients. It is better for the business.

Operational Complexity Doesn't Disappear—It Moves

Nonrecourse models are often marketed as operationally simpler. In reality, complexity is not eliminated—it is redistributed.

Even with nonrecourse programs, providers must still maintain deep integration with EHR and revenue cycle systems for:

- Account creation and balance feeds
- Payment posting and reconciliation
- Cash reporting and audit readiness

Additionally, many accounts do not remain with the financing partner. Exceptions—such as charity care determinations, insurance adjustments, or eligibility disputes—often flow back to the provider, creating fragmented workflows.

ClearBalance simplifies rather than shifts complexity. Its recourse model integrates directly into provider workflows, maintaining continuity and reducing the need for exception management across multiple parties.

The Hidden Economics of "Risk Transfer"

While nonrecourse fees are often quoted in the ~30% range, the realized economic impact is typically higher. Providers receive funding only for patients who pass underwriting and enroll, in addition they must absorb the remainder of the population outside the program. When factoring in approval limitations, enrollment attrition, and incomplete repayment, the effective yield can be materially lower than headline pricing suggests.

By contrast, recourse programs typically operate at:

- **~15% program cost**
- **With ~10% of balances retained (not sold), resulting in a ~25% total economic concession**

The distinction is critical. In nonrecourse models, once balances are sold, the asset—and all future recovery potential—is gone. In recourse models, providers retain ownership and optionality.

When applied to a larger enrolled population, the financial advantage compounds.

Rethinking Risk: The Reality of Recourse Performance

A common hesitation around recourse models is perceived exposure to bad debt. However, real-world data tells a different story.

KLAS research highlights that leading recourse providers demonstrate consistently low recourse rates, with no negative client feedback tied to recourse volume.

This raises a critical strategic question:

Is it worth paying a 40%+ premium to transfer risk that rarely materializes?

The ClearBalance model is designed to manage and minimize that risk through structured payment plans and patient engagement—allowing providers to retain upside without assuming disproportionate exposure.

Compliance and Control in a Changing Regulatory Environment

Regulatory scrutiny around patient financing is increasing. The Consumer Financial Protection Bureau (CFPB) has raised concerns about transparency, pricing, and collection practices in third-party financing models. Nonrecourse programs can introduce compliance complexity by creating divergent financial pathways and inconsistent patient treatment.

The ClearBalance recourse model supports a more consistent approach. By keeping financial responsibility within the provider's ecosystem, organizations maintain greater control over policies, communications, and compliance standards.

ClearBalance: A Proven, Patient-Centered Financial Strategy

For over three decades, ClearBalance has partnered with healthcare organizations to deliver recourse financing solutions that align financial performance with patient-centered care.

Its differentiated approach drives measurable impact:

99.5% **patient satisfaction rate**

100% **client satisfaction among surveyed organizations**

★ ★ ★ ★ ★

ClearBalance improves cash flow, strengthens patient engagement, reduces operational burden, and preserves long-term financial value.

From Model Comparison to Outcome Optimization

Healthcare organizations should move beyond structural comparisons and instead evaluate:

- Patient enrollment rates
- Net revenue yield
- Total cost of financing
- Operational burden
- Patient experience consistency

These outcome-based metrics provide a clearer picture of long-term value.

A More Sustainable Path Forward

Patient financing is foundational to modern healthcare operations.

The organizations that succeed will not be those that simply transfer risk—they will be those that understand the full economic and operational implications of their financing strategy and choose solutions that maximize access, performance, and control.

ClearBalance delivers that alignment.

- ✓ **It expands access.**
- ✓ **It strengthens financial outcomes.**
- ✓ **It preserves the patient relationship.**

And in a system increasingly defined by financial complexity, that alignment is what drives better outcomes—for providers, for patients, and for the future of healthcare.

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