

Get Care Now, Pay Later

Re-imagining access to mental
health care





Disclaimer: The information in this white paper is for educational purposes and should not be used in anyway as a form of financial advice.



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Thank you!

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Executive Summary


Mental health care should be accessible and affordable to Americans irrespective of their financial circumstances.

30 million Americans lack access to medical health insurance(1), and over 5 million adults with a mental health illness remain uninsured(2). After spending over two-decades in the mental health service industry and having observed first-hand the challenges Americans face to get care, especially people who are underrepresented - Blacks and Hispanics, my co-founder and I decided to launch Salvage. Our goal is to make quality mental health care accessible and affordable to Americans who lack access to health insurance.

In this white paper, we introduce one of our plans to make mental health care accessible with the Get Care Now, Pay Later option for patients for the first time in the U.S. We explained the value of this type of payment option for people who lack access to medical health insurance and need to pay out of pocket to get care.

We hope you find this insightful and join us in this journey as we re-imagine access to mental health care for anyone who needs it.



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access to quality care



No one should be cut off access to quality mental health care due to their financial circumstances.



Background

Mental Health America estimates that around 18 percent of adults in the U.S. are experiencing a mental health illness, which translates to around 44 million Americans(6). Around 4 percent are experiencing a severe mental illness.

More than 12 percent of adults who suffer from a mental illness are uninsured(7). Since the enactment of the Affordable Care Act in 2010, there has been a significant decline in the number of adults in the U.S. who are uninsured. Before 2010, nearly 50 percent of Americans were uninsured(8). Those who are most affected are low-income communities, specifically communities of color.

Compared with other Americans, those who are uninsured are disproportionately likely to be Black-

Blacks and Hispanics have the highest uninsured population in the United States.

or Hispanic, young adults, considered low income, or live in a state that has not been given expanded access to Medicaid.

There is also a significant disparity by state in uninsured adults who are suffering from a mental illness — from 3 percent in Massachusetts to 23 percent in Texas(9). Even those who have insurance are impacted by the effects of the skyrocketing cost of mental health care.



According to Mental Health America, over half of adults with a mental illness receive no treatment at all. This means that more than 24 million adults are receiving no care for their ongoing, and often debilitating mental illnesses⁽¹⁰⁾. Almost a quarter of these people are willing to admit that they need care but are unable to have those needs met. Some of the barriers that they reported included limited or no insurance coverage for the needed services, a shortfall in the mental health workforce, lack of available treatment, and insufficient funds to cover the co-pays as well as any other medical costs and fees that are associated with their treatment needs.

These numbers are even more staggering among youth. According to Mental Health America ⁽¹¹⁾, more than 60 percent of American youth are experiencing some level of depression and are not receiving any mental health treatment. Even among states where there is the greatest access to mental health services, over 30 percent of youth are still not having their needs met sufficiently.

While there are many avenues to achieving health equity, and some are beginning to be explored — mental health care often gets left out of the conversation. One of the newer options that has been explored to help individuals pay their medical bills, insured or not, is a payments option adopted from the e-commerce industry, the Buy Now, Pay Later payment plans. So far, they have seemed quite successful and are appealing to many patients who might not otherwise have been able to afford care and likely would have refused care altogether without it. However, these options are not widely available for mental health services, despite overwhelming evidence that they could make a world of difference.

Salvage is working to bring the Get Care Now, Pay Later option to mental health care to encourage all Americans to seek the treatment they need without worry of financial barriers.



Introduction



According to the U.S. Department of Health and Human Services, there are 30 million Americans who currently lack access to health insurance(3).

While this number has declined since the introduction of the Affordable Care Act, it continues to represent around 10 percent of the U.S. population. Of those who are uninsured, over 5 million of those individuals are suffering from a mental health problem(4). In fact, Mental Health America has it that over 12 percent of adults with a mental illness are uninsured, and this number is only continuing to burgeon(5).

Comprehensive health insurance is a critical element of access to health care. Individuals who do not have health insurance are less likely to seek medical care when needed, due to rising costs of health care in the U.S. This means that lower-

30
million

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income communities and specifically communities of color — are essentially priced out from critical care. Expanding health insurance coverage is crucial in order to achieve health equity, which has been even more exacerbated by the financial challenges of the COVID-19 pandemic.

While there are a few companies that offer Get Care, Pay Later options for medical bills, Salvage, a company working to make quality mental health care accessible and affordable to people without-

health insurance is the first mental health company in the United States to introduce the Get Care Now, Pay Later option.

When applied to healthcare, Buy Now, Pay Later soft loans can provide relief from these expensive medical bills related to mental health counseling, inpatient and outpatient treatment plans, medication, and more. It enable individuals to customize payment plans that allow them to seek care without worry, and pay back their fees later — when they are financially and mentally ready to tackle the debt.



Buy Now, Pay Later

What is Buy Now, Pay Later?

Buy Now, Pay Later is a loan option that allow individuals to break up their purchase into small, manageable installments over a specified period of time⁽¹²⁾. These loans often come with zero percent interest, which allows the individual to pay back only the principal balance on the loan. They have become an increasingly popular short-term financing option for online shopping. Companies such as Affirm and Afterpay offers these payment plans right at the checkout page on a brand's website. According to recent surveys, about thirty-nine percent of Americans have tried a Buy Now, Pay Later option at least one time⁽¹³⁾.

Typically, customers will make one upfront payment toward the purchase. Then, they pay the remaining balance off in predetermined

installments. Often, the initial payment will be the same amount as the subsequent payments. This is different from making a purchase on a credit card for several reasons. The biggest and most financially attractive reason is that Buy Now, Pay Later options often do not have any interest or fees. When you use a credit card, you are going to accrue interest on the remaining balance after each statement period, making it much more difficult to pay off the principal balance.

Buy Now, Pay Later options also have a fixed repayment schedule and will automatically deduct from a specified account on a fixed basis (whether that is monthly or weekly). A credit card also differs in this respect, because you are generally only required to make a minimum payment on a credit card during each statement period, and there is no specified timeline for paying it off.



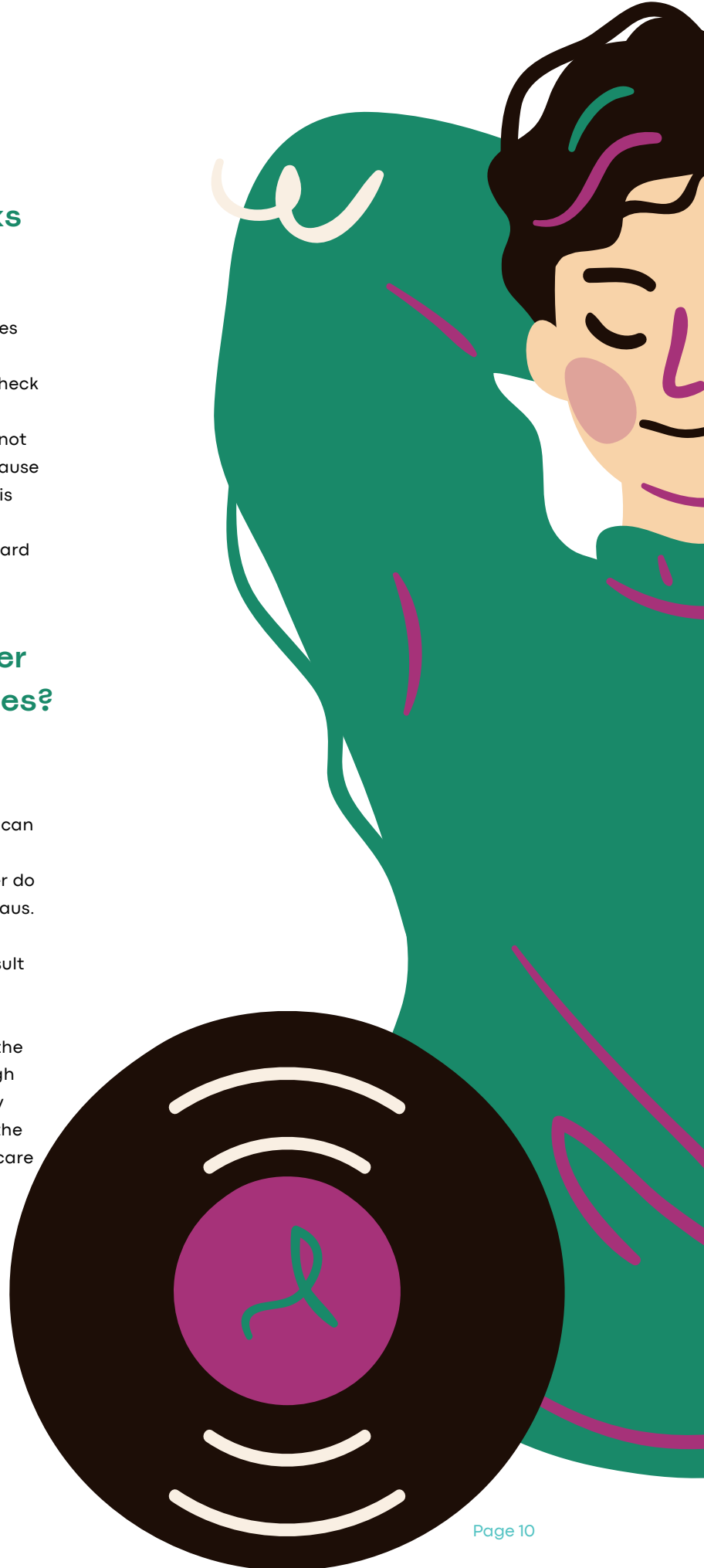
What type of credit checks are required?

For Buy Now, Pay Later options, most companies only require a soft credit check. A soft inquiry happens when the company is authorized to check your credit report without tying it to a specific application for credit. This means that it does not affect your credit score in order to qualify, because soft inquiries do not indicate any great risk. This also usually means that Buy Now, Pay Later options are easier to qualify for than a credit card or a typical loan option.

How do Buy Now, Pay Later options affect credit scores?

While the initial qualification inquiry will not impact an individual's credit score, there are several ways that a Buy Now, Pay Later option can still play a role in a credit report. Many of the larger companies that offer Buy Now, Pay Later do report the loans to the three major credit bureaus. This means that making on-time payments is important, because a missed payment can result in a negative impact on an individual's credit score, causing it to drop. However, if the late payments are not repetitive, it is unlikely that the effect on one's credit score will be great enough that it would be significantly lower. Once a Buy Now, Pay Later option has been selected and the payment plan begins, individuals should take care to make on-time payments to avoid this.

Of course, Buy Now, Pay Later options are also much easier on the credit score than a traditional loan or credit card.



Get Care Now, Pay Later

The healthcare version

So, how does Buy Now, Pay Later translate to healthcare? It's already in action, though it is not as prevalent as Buy Now, Pay Later is in the e-commerce space. Currently, there are two major companies that offer Get Care Now, Pay Later healthcare payments infrastructure: Walnut and Wellpay(14). Walnut works directly with patients, instead of going through a middle agency. Patients will send a Walnut agent their medical bill, or the details of an upcoming procedure, and the company will check their pre-qualification before issuing them a payment plan. Wellpay works with the Buy Now, Pay Later company Affirm to offer patients the payment plan through their hospital at the time of billing.

More than 60 percent of patients have expressed

an interest in delayed repayment, according to a survey conducted by Rectangle Health(15). As economic strains have been heightened in the past two years due to the COVID-19 pandemic, these options have become even more appealing to the average American.

Healthcare Pay Later Companies



walnut



Pay Later for Mental Health Care



A lack of representation

The United States exceeded \$4 trillion in medical spending in 2020 — up from around \$3.8 trillion in 2019⁽¹⁶⁾. Healthcare spending has increased nearly a trillion dollars from 2009 to 2019, when adjusted for inflation. As discussed, the number of people who are experiencing mental illness and are not receiving the care they need is staggering. Even those who do have insurance are still discouraged from seeking the help they need due to the cost, which continues to skyrocket as a result of a variety of factors that are far beyond an individual's control.

Unfortunately, access to mental health care has largely been left out of the conversation when it comes to Buy Now, Pay Later options. Salvage

aims to change that. Salvage is proposing an alternative to lack of access to mental health care for the population that need it. We believe that everyone deserves access to proper healthcare, and no one should be deterred from seeking the care that they need due to crippling costs and their financial situation. While we have already begun to see some of these options appear for physical healthcare costs, they still are scarce for those seeking mental health care — despite the significant number of people who are in need of such an option. This is an economic concern that can be life threatening for U.S. families.

Salvage exist to develop innovative ways for everyone to afford quality mental health care.



Access Mental Health Treatment Now, Pay Later

Consider this scenario: A new, single mother is experiencing severe postpartum anxiety and depression, but she does not have insurance that covers access to comprehensive mental healthcare. She speaks with her Obstetrician-Gynecologists, who suggests that she seek a licensed psychiatrist and consider medication or consistent mental health counseling. However, after finding a psychiatrist who she feels she can trust, she realizes that the scope of care she requires is far beyond her means. She cannot pay for her own care and continue to support her child. So, she does not seek any care at all.

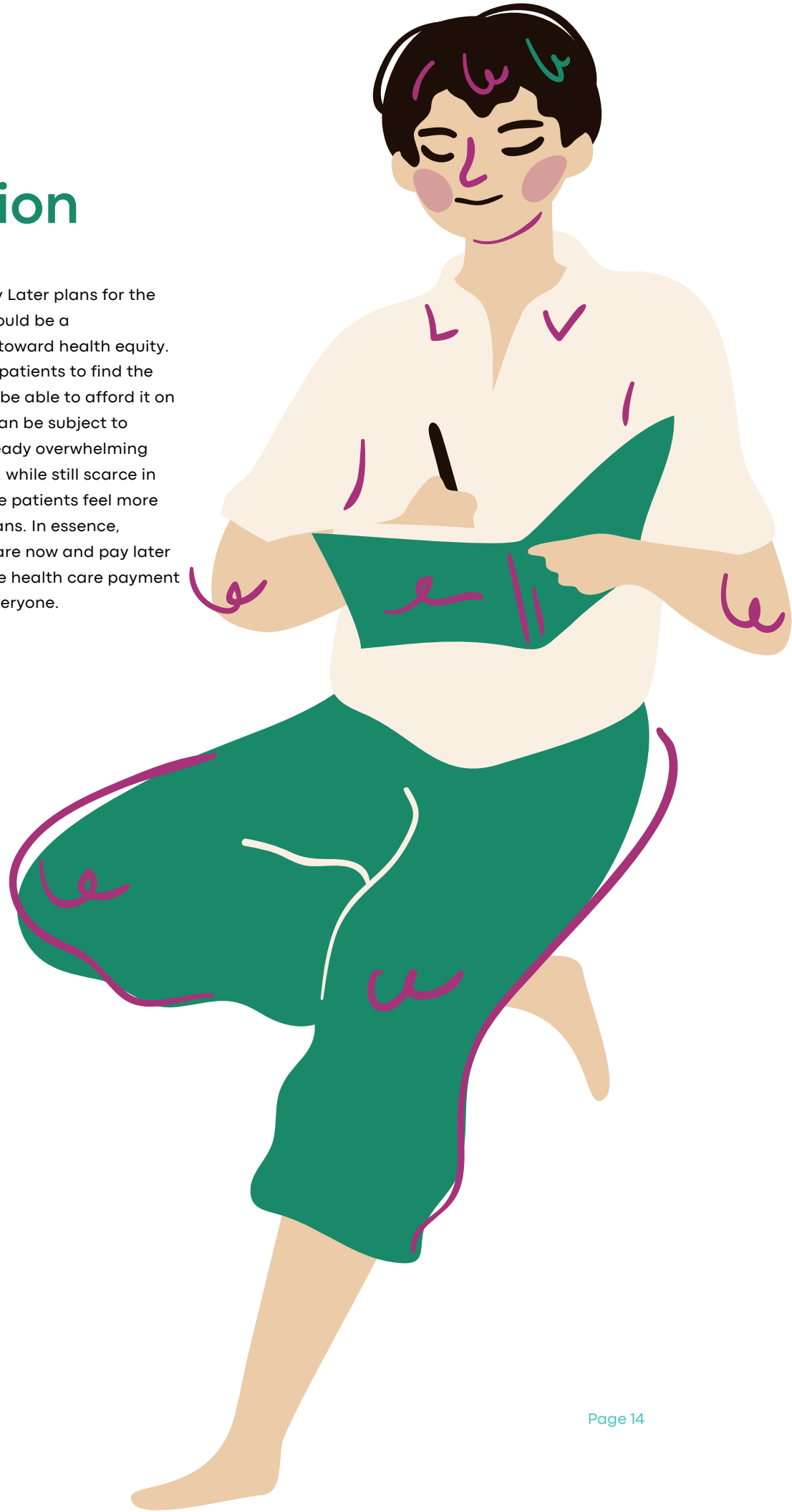
But what if there was another option for her? Instead of having to choose, what if she could reasonably choose both without incurring a significant amount of interest-heavy debt?

The Get Care Now, Pay Later option for seeking mental healthcare would operate similarly to the plans that are seen throughout the e-commerce space — but they are specifically applicable to mental health care, from medications to inpatient treatment and everything in-between. Patients would pay a portion of the cost before they receive care and would be set up for a pre-fixed payment plan for the rest.

Under these payment plans, patients would not have to fear seeking out any treatment that they need. Whether they require outpatient counseling, medication, inpatient treatment, or a combination of these options and more — all of these will be available to them. The costs can be bundled or laid out in separate payment plans. And, as with all other Buy Now, Pay Later plans, they would not impact an individual's credit score or hit them with interest and unexpected fees.

Conclusion

Providing Get Care Now, Pay Later plans for the mental healthcare sector would be a transformative way to work toward health equity. It would allow lower income patients to find the treatment they need — and be able to afford it on their own timeline, rather than be subject to someone else's. There is already overwhelming evidence that these options, while still scarce in the medical field, have made patients feel more secure in their treatment plans. In essence, allowing a patient to seek care now and pay later will broaden the scope of the health care payment model to make it work for everyone.



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