

What Is Non-Recourse Patient Financing and Why Are Health Systems Choosing It?

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Published: 07/09/2026 | **Last Reviewed:** 07/06/2026

Reading Time: Approximately 10 minutes

Quick Answer

Non-recourse patient financing is a healthcare payment model in which a third-party financial services company assumes full credit risk after buying the patient account, meaning the health system retains revenue regardless of whether the patient repays the loan. Unlike recourse-based AR purchases, which require health systems to maintain balance-sheet reserves and may trigger bond covenant restrictions, non-recourse financing eliminates provider financial liability for unpaid patient balances. A health system using CURAEPay, the patient payment solution within Curae's Patient Financial Access Platform, reported a 25% increase in frontend collections, a 26% reduction in bad debt write-offs and a 200% increase in paid in full for balances of \$1500 or more. As HDHP out-of-pocket maximums reach \$17,000 for families in 2026 and ACA subsidies for enhanced coverage expired on December 31, 2025, demand for patient-friendly financing options is growing rapidly across the U.S. hospital sector.

The Problem Every CFO Is Facing

Patient financial responsibility has become one of the most significant revenue risks in U.S. healthcare. Curae's comprehensive Patient Financial Access Platform addresses this challenge through three integrated solutions: CURAEPay for patient financing, CURAEAdvocate for ACA premium sponsorship, and CURAEClear for insurance discovery and Medicare underpayment recovery. This article focuses on CURAEPay's flagship solution, non-recourse patient financing, and its impact on health system revenue strategy. According to the American Hospital Association's most recent annual survey, uncompensated care costs for U.S. hospitals exceeded \$42 billion. The Kaiser Family Foundation estimates that 41% of American adults carry



healthcare debt, and 1 in 3 hospitals report bad debt exceeding \$10,000 per patient case.

The response to this problem, traditional collections, is no longer working at scale. Patients who are facing \$5,000, \$8,000, or \$15,000 out-of-pocket balances do not engage with collectors. They defer care, disengage from their health system, and absorb the hit to their credit, while health systems absorb the uncollectible balance as bad debt.

Health systems across the U.S. are rethinking how they handle patient balances. Instead of relying on the traditional collections model of trying to collect payments after services are rendered, many are shifting toward a financial access approach. By offering patient-friendly payment options at the point of service, health systems can convert potential bad debt into funded receivables *before* an account is ever sent to collections.

Curae's non-recourse patient financing solution, CURAEPay, is part of Curae's Patient Financial Access Platform.

What Is Non-Recourse Patient Financing?

With non-recourse patient financing, a financial services company, not the health system, extends a line of credit directly to the patient. The financing company purchases the patient's account receivable from the health system and assumes all credit risk associated with that account.

The differentiator of non-recourse financing is the absence of provider liability. If the patient fails to repay the financing company, the health system is not required to return any portion of the funds it received. The risk has been transferred completely and permanently from the health system to the financing company.

This is a direct contrast to recourse-based models, where the health system sells or assigns patient receivables to a financing or collection company, but retains contingent liability if those accounts are not recovered. In practice, this means:

- The health system may be required to repurchase non-performing accounts

- Balance sheet reserves must be maintained to cover potential repurchase obligations
- Bond covenants may be triggered by recourse-based contingent liabilities
- The apparent revenue recovery may be partially offset by reserve requirements

According to Kaufman Hall's 2024 annual hospital performance report, the majority of U.S. hospitals maintain a 1-3% operating margin. This makes the decision between recourse and non-recourse funding a financial risk management issue.

Recourse vs. Non-Recourse: The CFO Comparison

The table below summarizes the eight most relevant financial dimensions for CFOs and revenue cycle leadership when evaluating patient financing structures.

Dimension	Recourse Financing	Non-Recourse Financing
Balance Sheet Treatment	Requires reserves for potential repurchase	No reserve requirement
Bond Covenant Risk	May trigger restrictions on outstanding obligations	No covenant impact
Provider Financial Liability	Provider liable if patient defaults	Liability transfers fully to financing company
Patient Eligibility Rate	Often limited to lower-risk credit profiles	Up to 90%+ of patient applications approved (CURAEPay)
Revenue Timeline	Revenue at risk until patient repays	Full upfront funding within 48 hours
Pricing Structure	Variable / AR purchase discount	Platform fee that is a fraction of recovered revenue
Implementation Timeline	Complex integration often required	Under 45 days
Patient Brand Impact	May carry third-party card branding	Provider-branded loyalty product



The most compelling case for utilizing a non-recourse program is financial, especially when examining the balance sheet and covenant levels. Health systems that carry recourse-based patient AR obligations must account for them in their reserve calculations. For hospitals with publicly issued debt, those reserves can affect debt service coverage ratios and bond ratings. Non-recourse financing eliminates this exposure entirely.

How Does Curae's Non-Recourse Patient Financing Work?

CURAE Pay's non-recourse patient financing program is built to require minimal disruption to existing revenue cycle workflows and to provide a friction-less experience for the patient with one application and approval process for handling multiple patient balances over time.

Step 1: Patient Enrollment at or Before Service. Patients are offered financing at scheduling, pre-registration, or the point of service, as a best practice approach versus only offering after service with statements. Digital enrollment is completed in minutes, and a soft credit pull is used to determine eligibility, which does not impact credit scores. Up to 90%+ of applicants are approved, including patients with limited or challenged credit histories that other financing providers would typically decline. Only one application and approval process is required for a revolving line of credit to pay multiple patient balances over time. Unlike other offers in the market, which require an application for each patient balance financed.

Step 2: REVOLVING Credit Line Issued. Eligible patients receive a provider-branded revolving line of credit of up to \$10,000 for healthcare services. Patients can use the line of credit to pay for new out-of-pocket services and/or to address existing unpaid balances. Unlike a third-party medical credit card program, CURAE Pay may be branded with the health system's brand, reinforcing patient loyalty and encouraging continued care at that organization.

Step 3: Health System Funded Within 48 Hours. Once the patient's account is financed by Curae, the health system receives full upfront payment for that balance within 48 hours. This is immediate cash for balances that would otherwise sit in AR aging buckets for 90, 180, or 360 days, and in some cases would never be recovered.



Step 4: Risk Transfers Permanently. After funding, the health system has no further financial obligation related to that account. Curae manages all patient repayment, communications, customer service, and assumes all credit risk. The health system's revenue is protected, even if the patient does not engage.

Why Traditional Alternatives Aren't Working

It's easy to see why non-recourse patient financing is the preferred strategy among health systems and how traditional alternatives are falling short.

Medical Credit Cards (Usable at Multiple Care Providers and even Veterinarians)

Medical credit cards have been popular for healthcare patient financing, but they carry three structural problems. First, the loyalty relationship is between the consumer and the card issuer, rather than the specific care provider. Second, approval rates are limited by standard credit scoring, resulting in declining a significant portion of patients who need financing most. Third, deferred interest structures, which are common in medical credit card products, can result in retroactive interest charges.

Recourse-Based AR Purchasers

Traditional AR purchasers buy patient receivables at a discount but typically include recourse provisions with repurchase obligations which can have direct balance sheet and bond-covenant implications. Recourse based AR purchasers also tend to focus on accounts they are most likely to recover, skimming the easiest balances and leaving the most difficult accounts for the health system to absorb.

Traditional In-House Payment Plans

In-house payment plans are the most common response to patient financial responsibility. But they can have many challenges. In-House plans require staff to manage them, do not accelerate cash, do not transfer financial risk, and can often expose the organization to compliance and regulatory issues concerning offering payment plans to all patients. When patients default on payment plans, the health system absorbs **100%** of the loss. The typical default rate on in-house payment plans is 20%-25%.

The Shift to Non-Recourse

Non-recourse patient financing addresses the core failures of all three alternatives simultaneously. It reaches more patients, accelerates



cashflow, eliminates provider risk, and builds loyalty through a provider-branded product. In addition, patients using CURAEPay have shown a high net-promoter score, due to an enhanced patient financial experience.

Buyer Beware: Patient Financing Programs which are NOT a Revolving Line of Credit

Some patient financing products are simply a loan, where a patient applies for and gains a medical expense loan to pay a current balance. An additional medical balance would require another application and loan decision. Companies offer these products because it is relatively easy to cobble together multiple investors for lending capital to provide financing. The amount of capital required to offer a modest total financed volume is relatively small, which creates lower investor standards. These investors often require a higher return, which equals increased risk for the health system.

On the other hand, for health systems who are enrolling thousands of patients into a non-recourse revolving line of credit, a very large amount of affordable capital is required by the partner to provide this product. To be able to offer this type of financing at scale, institutional capital is needed. Some examples are large pools of money managed by organizations, like pension funds, insurance companies, endowment funds, etc. These organizations require high accountability, detailed reporting, and often use an Investment Policy Statement (IPS).

Upon review, it's clear that gaining institutional investors to secure the large amounts of affordable capital required to support a scaled revolving line of credit and lower risk rate is more difficult, but also more critical.

CURAEPay is a non-recourse revolving line of credit, which is backed by institutional capital.

The Impact on Financial Outcomes

The results are clear; CURAEPay non-recourse patient financing program delivers outstanding performance.

A health system using CURAEPay's non-recourse patient financing solution reports:



- 25% increase in frontend collections
- 26% reduction in bad debt write-offs
- 200% increase in paid in full for balances of \$1500 or more
- **Full upfront funding is provided within 48 hours** of each patient account financing, converting aging AR into immediate cash without waiting for patient payment cycles
- **High net promoter score gained for CURAEPay, which is associated with the provider's brand and enhances the patient financial experience.**

Health systems that implement CURAEPay consistently recover far more than the platform costs, making the program financially self-sustaining. Implementation is completed in under 45 days, meaning time-to-value is measured in weeks, not quarters.

Why Patient Financing Is Mission Critical for Providers

The urgency of having a patient financing strategy has increased sharply in 2026. Three federal policy shifts are expanding patient financial responsibility at the same time.

HDHP Out-of-Pocket Maximum Increase: The IRS raised the HDHP out-of-pocket maximum to \$17,000 for family coverage and \$8,000 for self-only coverage in 2026, up from prior year limits. According to the Kaiser Family Foundation's 2024 Employer Health Benefits Survey, more than half of all covered workers are now enrolled in high-deductible plans. Patients facing these limits need a financing option. Health systems that do not have one in place will absorb the difference as bad debt.

ACA Plans Often Have Large Patient Responsibilities: Per CMS, there are over 24 million enrollees in ACA plans for 2026. Due to higher premiums, a larger portion of enrollees chose the lowest coverage plans (e.g., Bronze), which require a larger patient responsibility (co-pay, co-insurance, deductible). These plans often do not cover care outside of catastrophic care events, leaving patients open to even more out-of-pocket costs.

Medicaid Reimbursement Reductions: Federal Medicaid reimbursement rates are being reduced in both expansion and non-expansion states. In both cases, the share of patient financial responsibility is growing, making patient financing a C-suite priority.



What to Look for in a Non-Recourse Patient Financing Partner

Not all non-recourse patient financing platforms are the same. CFOs and revenue cycle leaders evaluating vendors should closely examine the following criteria:

Program Should Enable Financing of all Balances/Types: Pre-service, post-service, today's balance, tomorrow's balance. One application and approval process for 2 years of the program.

Eligibility Rate: What percentage of patients who apply are approved? Health Systems need a program that supports near-prime and below-prime patients. A platform approving 80%+ of applicants means more patients are served, and more potential bad debt is converted to funded receivables.

Pricing and Cost Structure for the Provider: Non-recourse to start with. And a program where the patients who are the highest risk of not paying (often can only afford to pay over time with no interest), are addressed with a variable discount rate defined by each patient application and assessment. Patients at sub-prime are approved and instead of becoming bad-debt are a liquidated balance within of 48 hours of executing on their new line of credit.

Implementation Timeline: How quickly can the platform go live? Eight to ten weeks, including configuring EHR workflows/integration points, pre-service through post-service billing.

Regulatory Standing: Does the financing platform operate under federal banking regulations, specifically Regulation B and Regulation Z CURAEPay is a subsidiary of Atlanticus Holdings Corporation (Nasdaq: ATLC), a federally regulated financial services company operating under both Reg B and Reg Z.

Provider Brand vs. Third-Party Brand: Does the product offer the ability to co-brand or promote the health system's brand? Provider-branded revolving lines of credit build patient loyalty to the health system and encourage continuation of care.

Access to Capital, Company Structure and Backing: Does the financing solution and program management company have a reliable source of capital? A financing company with limited funds (e.g. private equity backed) may have limitations on the amount of patient financing



volume it can support. A private equity backed company is also at the mercy of the financial backer in its direction. Curae is owned-by Atlanticus Holdings Corporation, with more than 28 years of consumer credit and revenue cycle FinTech experience.

Is the Patient Financing company based in the US, with all operations and data management within the US? The US healthcare market is very attractive to foreign companies. Even though they may have a US “storefront”, foreign companies present significant risks with specific operations, staff and data residing outside of the US.

Key Takeaways

- Non-recourse patient financing transfers all credit risk from the health system to the financing company, permanently and completely.
- Recourse-based models require health systems to maintain balance-sheet reserves and may trigger bond-covenant restrictions that non-recourse financing avoids entirely.
- 90%+ patient eligibility, 0% APY options, and full upfront funding within 48 hours distinguish CURAEPay from medical credit cards and traditional payment plans.
- Health systems using CURAEPay report 2x to 3x improvement in patient collections for balances \$1,000 to \$10,000 and a 22% reduction in bad debt.
- Studies show providers are collecting only 25-45% of patient balances, with the patient being one of the top 3 payors for any provider.
- Patient OOP obligation is enlarging each year. This means patient financing to pay for, and access care is becoming a core competency for all providers (just like a large box retail store).
- The convergence of an increasing HDHP OOP ceiling, ACA subsidy expiration, and Medicaid reimbursement reductions in both expansion and non-expansion states makes having the right patient financing strategy a CFO-level priority in 2026.

Frequently Asked Questions

What is non-recourse patient financing? Non-recourse patient financing is a model in which a third-party financial services company extends a line of credit to patients to cover healthcare expenses and assumes all credit risk. The health system receives full upfront payment within 48 hours and has no financial obligation if the patient does not repay. Unlike recourse-based models, non-recourse financing eliminates provider liability and does not require balance sheet reserves.

What is the difference between recourse and non-recourse debt in healthcare? In healthcare, recourse debt means the health system retains liability if patient accounts are not repaid, often requiring balance-sheet reserves and potentially triggering bond-covenant restrictions. Non-recourse debt permanently transfers all repayment risk to the financing company. The health system receives upfront revenue and is not responsible for patient defaults, which provides significant balance sheet and bond-covenant advantages.

How does non-recourse patient financing improve hospital collections? Non-recourse patient financing improves collections by converting unpaid patient balances into immediately funded receivables rather than waiting for patient payment cycles or sending accounts to collections. Health systems using CURAEPay report 2x to 3x improvement in collections for patient balances between \$1,000 and \$10,000, and a 22% reduction in overall patient bad debt compared to collections-first approaches.

Do patients need good credit to qualify for patient financing? Most non-recourse patient financing platforms offer broad eligibility. CURAEPay approves more than 90% of applying patients, including those with limited or challenged credit histories, using a soft credit pull that does not affect the patient's credit score. This is a key advantage over medical credit cards, which typically decline a larger share of applicants based on standard credit scoring.

What is 0% APY patient financing, and how does it work? Zero percent APY patient financing offers qualifying patients a revolving line of credit to pay for healthcare services with no interest charges. Under CURAEPay's model, patients who meet identity verification and credit criteria are offered 0% APY as a financing option. The health system



receives full payment upfront within 48 hours, while the patient repays the financing company over time at no interest cost.

How much does a non-recourse patient financing platform cost? Health systems do not need a separate budget allocation to launch. CURAEPay contingency based and typically the fees are approximately 24% of total balances liquidated, including patients who would become bad debt.

How long does it take to implement a non-recourse patient financing program? CURAEPay implements in under 45 days from contract execution to the first funded account. The model requires no custom software development, and no large upfront capital investment. Integration with patient access, EHR workflows, patient billing and statements.

How is CURAEPay different from a medical credit card? Medical credit cards carry third-party branding and redirect patient loyalty away from the health system. Many have deferred interest structures that can harm patients financially. CURAEPay is a program which issues a provider-branded revolving line of credit tied to the health system, building patient loyalty directly and eliminating provider financial risk; two outcomes medical credit cards do not deliver.

Is Curae, the program manager of CURAEPay patient financing program and are its operations audited for regulatory compliance? Yes. CURAEPay is a program compliant with federal banking regulations, including but not limited to, Regulation B (Equal Credit Opportunity Act) and Regulation Z (Truth in Lending Act). Curae Finance LLC is a subsidiary of Atlanticus Holdings Corporation (Nasdaq: ATLC), a publicly traded, federally regulated financial services company. Federal regulatory standing provides broader compliance coverage and greater operational stability than state-by-state lending frameworks. Curae credit lines are issued by The Bank of Missouri, Perryville, MO.

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