Interest-Free Medical Loans: What Patients Need to Know and What Providers Should Offer

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Quick Answer

An interest-free medical loan is a financing option that allows patients to pay for healthcare services over time with no interest charges, typically structured as a revolving line of credit issued by a third-party financial services company and offered through the patient's health system. For patients, interest-free medical financing eliminates the cost barrier that leads to care deferral, provides a single line of credit that covers both new and existing balances without reapplication, and does not require a hard credit inquiry that affects credit scores. For health systems, offering 0% APR patient financing at the point of service converts potential bad debt into funded receivables before balances age, accelerates cash within 48 hours of account funding, and produces measurably better patient financial experience outcomes than collections-first approaches. CURAEPay[1], the patient financing solution managed by Curae, offers qualifying patients a revolving line of credit of up to $10,000 at 0% APR, with more than 90% of applicants approved, including those with limited or challenged credit histories.

[1] Curae credit lines are issued by The Bank of Missouri.

Why is Interest-Free Medical Financing a Front-Line Issue?

Medical debt is not a fringe problem in the United States. According to the Kaiser Family Foundation, 41% of American adults carry healthcare debt. In it's most recent annual survey the American Hospital Association reports that uncompensated care for U.S. hospitals exceeded $42 billion. These figures reflect a fundamental gap between what patients are being asked to pay and what they are financially able to absorb at a single point in time.

The 2026 policy environment has made this gap more acute. The IRS raised the HDHP out-of-pocket maximum to $17,000 for family coverage in 2026. More than half of all workers with employer-sponsored insurance, are enrolled in high-deductible health plans. These patients may face thousands of dollars in cost-sharing before their insurance begins covering the full cost of care. Many cannot cover these out-of-pocket costs without a structured payment option.

Interest-free medical financing addresses this growing issue directly. Rather than asking a patient to pay a large balance in full, or sending the account to collections after 90 days of non-payment, interest-free financing gives the patient a practical path to paying over time at no additional cost. For patients, it removes the financial barrier to care, for health systems, it removes the revenue risk associated with unpaid balances.

For patients, the following section explains how interest-free medical financing works, what to look for, and how to qualify. For providers, the second section explains the provider case for offering 0% APR financing and how it changes the financial performance of patient AR.

For Patients: How Interest-Free Medical Financing Works

What is a 0% APR Medical Loan?

A 0% APR medical loan is a financing arrangement in which a patient borrows money to pay for healthcare services and repays it over time with no interest charges. A 0% APR means that the amount the patient repays is exactly equal to the amount borrowed. There are no interest charges, and no deferred interest traps.

This is distinct from deferred interest financing, which some patient financing products offer. Deferred interest arrangements appear to offer 0% interest during a promotional period but retroactively apply interest to the original balance if it is not paid in full before the promotional period ends. A true 0% APR financing option carries no interest regardless of the repayment timeline, as long as the patient meets the terms of the credit agreement.

CURAEPay offers qualifying patients a revolving line of credit, up to $10,000 at 0% APR. The line of credit can be used to pay for new healthcare services out of pocket and address existing unpaid balances, with a single application covering both current and future care.

Patients do not need to reapply each time they receive care and produce a balance at their health system. It is a true revolver enabling the patient to handle multiple balances over time, within their total approved line amount.

How to Qualify for Interest-Free Medical Financing

Qualifying for interest-free medical financing through CURAEPay involves a straightforward process that most patients can complete in minutes at or before their appointment.

Step 1: Check availability at your health system. Interest-free medical financing through CURAEPay is offered at participating health systems. Ask your provider's patient financial services team whether CURAEPay financing is available and how to access it.

Step 2: Complete a short digital application. The application is completed digitally and takes minutes. Basic identity information is required, including name, address, date of birth, and Social Security number (for identity verification).

Step 3: Undergo a light credit review. CURAEPay uses a light credit review to determine eligibility. This is not a hard inquiry and does not affect your credit score. More than 90% of applicants are typically approved, including patients with limited or challenged credit histories who would not qualify for standard medical credit card products.

Step 4: Receive your credit line. Approved patients receive a revolving line of credit of up to $10,000, branded to their health system. The credit line can be used immediately to pay for current services and existing balances.

Step 5: Manage payments through the patient app. Payments are managed digitally through a mobile app, allowing patients to track their balance, make payments, and monitor their accounts from their phones/tablets, and interact with a live operator if needed.

What Patients Should Look for in a Medical Financing Option

Not all medical financing options are equal. Patients evaluating financing options should review the following criteria before accepting any offer.

Confirm the interest rate is genuinely 0%. Ask specifically whether the 0% rate is a true APR or a deferred interest promotional rate. A deferred interest product will charge retroactive interest on the original balance if it is not paid

in full before the promotional period ends, a true 0% APR product will not.

Check whether the financing is offered by a US-based, federally regulated institution. Patient financing products offered by foreign companies or by companies operating outside federal banking regulations carry higher compliance and operational risk. CURAEPay is a program that makes approved credit lines issued by a federally regulated bank available to patients, and is offered by Curae, Curae is a subsidiary of Atlanticus Holdings Corporation (Nasdaq: ATLC), a US-based, publicly traded financial services company regulated under Regulation B and Regulation Z.

Confirm that no hard credit inquiry is required. A hard credit inquiry affects your credit score and remains on your credit report for two years. Interest-free medical financing programs that use a light credit review rather than a hard inquiry allow you to check your eligibility without an impact on your credit.

Ask whether the line of credit covers future visits. A revolving line of credit that covers both current and future balances at the same health system eliminates the need to reapply for each episode of care. This is a meaningful and convenient advantage over single-use financing products that require a new application for every visit.

For Providers: The Business Case for Offering 0% APR Patient Financing

Why Interest Rate Matters to Collection Performance

The interest rate on a patient financing product is not only a patient experience consideration, but also a direct determinant of collection performance. Patients offered 0% APR financing accept it at significantly higher rates than patients offered financing with interest charges. Higher acceptance rates mean more accounts are converted to funded receivables before they age into the collections pipeline.

The math is straightforward. A patient facing a $3,000 balance who is offered 0% financing over 24 months is being asked to pay $125 per month with no additional cost if they make required payments. A patient offered the same balance at 18% APR is being asked to pay approximately

$150 per month and will pay more than $600 in interest over the life of the loan. The 0% offer is accepted more frequently, held longer, and produces fewer defaults because it does not compound the patient's financial burden.

For health systems, the result is that 0% APR financing converts a higher share of potential bad debt into funded receivables, producing better collection rates on the accounts that matter most. Accounts with balances between $1,000 and $10,000, report a 2x to 3x improvement in collections by health systems using CURAEPay.

How 0% Financing Accelerates Cash Flow

The cash flow benefit of interest-free patient financing is not dependent on how quickly patients repay the financing company. It is determined by when the health system receives funding.

Under CURAEPay's model, the health system receives payment for the patient account balance less a discount fee. The upfront funding is provided within 48 hours of account financing, regardless of the patient's repayment timeline. The financing company manages all patient repayment, customer service, and credit risk after funding. The health system's cash position improves immediately upon account financing, not gradually over the patient's repayment period.

This is the critical distinction between in-house payment plans and third-party non-recourse financing. An in-house payment plan on a $3,000 balance paid over 24 months generates $125 per month in cash over two years, with no risk transfer and no guarantee the patient will complete the plan. A funded receivable through CURAEPay generates $3,000 in cash within 48 hours, with all credit risk permanently transferred to Curae. As detailed in "What Is Non-Recourse Patient Financing and Why Health Systems Are Switching," the non-recourse structure means the health system retains no default risk after funding.

The Bad Debt Reduction Case

Health systems using CURAEPay report a 22% reduction in overall patient bad debt compared to pre-program baselines. This outcome is produced by two mechanisms operating simultaneously.

The first is conversion: accounts that would have aged into bad debt are instead converted to funded receivables at the point of service, before they enter the collections pipeline. The second is reach: CURAEPay's typical 90%+ approval rate means a substantially larger share of the patient population has access to a viable payment pathway, versus the percentage that would qualify for standard medical credit products. Patients who cannot access financing

default at higher rates. Therefore, expanding the eligible population reduces the default population.

The 22% reduction in bad debt reflects the impact of both mechanisms across the full patient population, not just the subset that would have qualified for traditional medical credit products.

The Patient Financial Experience Dimension

As detailed in Breaking the Cycle: A Patient-Centered Solution to Medical Debt, published in Medical Economics in November 2024, the total patient experience is now the sum of the financial experience and the clinical experience. A poor financial experience can trump an otherwise good clinical experience with a health system.

Patients offered 0% interest financing at the point of service report a fundamentally different experience than patients who receive collections notices weeks after discharge. Curae tracks NPS on its patient financing program, and health systems implementing CURAEPay consistently report achieving NPS scores in the 60 to 70 range. on the financing experience itself. A better financing experience reduces care avoidance, supports patient retention, and contributes to the market share and brand rank outcomes that health system leadership increasingly tracks alongside financial performance metrics.

The provider-branded nature of CURAEPay's revolving line of credit reinforces this effect. Because the credit line carries the health system brand rather than a third-party card brand, patients associate the positive financing experience directly with their health system. Each use of the credit line for a future visit reinforces that association, building a loyalty dynamic that third-party card products cannot replicate.

Key Takeaways

- A 0% APR medical loan allows patients to pay for healthcare services over time with no interest charges. It is distinct from deferred interest financing, which retroactively applies interest if the balance is not paid in full before a promotional period ends.
- Qualifying for interest-free medical financing through CURAEPay involves a short digital application, a light credit review that does not affect the patient's credit score, and approval of a revolving line of credit of up to $10,000 that covers both current and future balances at the same health system.

- More than 90% of CURAEPay applicants are approved, including patients with limited or challenged credit histories, using a light credit review rather than a hard inquiry.
- For health systems, offering 0% APR financing at the point of service converts potential bad debt into funded receivables before balances age, with upfront funding delivered to the provider within 48 hours and all credit risk transferred to Curae on a non-recourse basis.
- Health systems using CURAEPay report a 22% reduction in overall patient bad debt and a 2x to 3x improvement in collections for balances between $1,000 and $10,000.
- Curae tracks NPS on its patient financing program, and health systems implementing CURAEPay consistently report achieving NPS scores in the 60 to 70 range on the financing experience, reflecting the measurable difference between offering 0% financing at the point of service and sending accounts to collections.

Frequently Asked Questions

What is an interest-free medical loan? An interest-free medical loan is a financing option that allows patients to pay for healthcare services over time with no interest charges. It is typically structured as a revolving line of credit issued by a third-party financial services company and offered through the patient's health system. A true interest-free medical loan carries 0% APR, meaning the patient repays exactly what was borrowed with no additional interest cost, regardless of the repayment timeline.

How do I qualify for interest-free medical financing? To qualify for interest-free medical financing through CURAEPay, patients complete a short digital application at or before their appointment, provide basic identity information for verification, and undergo a light credit review that does not affect their credit score. More than 90% of applicants can be approved, including those with limited or challenged credit histories. Approved patients receive a revolving line of credit of up to $10,000 that can be used for current and future healthcare services at their health system without reapplying.

What is the difference between 0% APR and deferred interest medical financing? A 0% APR medical financing product charges no interest over the life of the loan. The patient repays exactly what was borrowed. A deferred interest product offers a promotional period during which no interest accrues but retroactively applies interest to the original balance if the patient does not pay in full before the promotional period ends. Deferred interest products can result in significant unexpected charges. CURAEPay offers a true 0% APR option with no deferred interest, application fees, or prepayment penalties.

CURAE®
Financial Access for All Patients

Does applying for medical financing affect my credit score? CURAEPay uses a light credit review to determine eligibility, which does not affect the applicant's credit score. This is distinct from a hard credit inquiry, which does appear on the credit report and can temporarily reduce the credit score. Patients can check their eligibility for CURAEPay financing without affecting their credit score.

Can I use medical financing for past balances as well as new care? Yes. CURAEPay's revolving line of credit of up to $10,000 can be used to pay for both new healthcare services and existing unpaid balances at the patient's health system. A single application covers both current and future care, meaning patients do not need to reapply for each episode of care. This is a meaningful advantage over single-use financing products that require a new application for every visit.

Why should health systems offer interest-free patient financing? Health systems that offer 0% APR patient financing at the point of service convert potential bad debt into funded receivables before balances age into the collections pipeline. CURAEPay funds health systems within 48 hours of account financing, transfers all credit risk to Curae on a non-recourse basis, and produces a 22% reduction in overall patient bad debt and a 2x to 3x improvement in collections for balances between $1,000 and $10,000. Offering interest-free financing also produces measurably better patient financial experience outcomes, with a 30-point improvement in NPS scores on the financing experience reported by health systems implementing CURAEPay.

How quickly does a health system receive payment through CURAEPay? Health systems receive upfront funding within 48 hours of account financing through CURAEPay. The financing company manages all patient repayment, customer service, and credit risk after funding. The health system's cash position improves immediately upon account financing, not gradually over the patient's repayment period, converting aging AR into immediate cash without waiting for patient payment cycles.

Is CURAEPay regulated and who backs it? CURAEPay is managed by Curae, a subsidiary of Atlanticus Holdings Corporation (Nasdaq: ATLC), a US-based, publicly traded financial services company with more than 80 years of consumer credit and revenue cycle FinTech experience. Curae operates under federal banking regulations, specifically Regulation B under the Equal Credit Opportunity Act and Regulation Z under the Truth in Lending Act. Federal regulatory standing provides broader compliance coverage and greater operational stability than state-licensed or foreign-backed financing arrangements.

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Financial Access for All Patients

Non-recourse vs Recourse differences? CURAEPay is a non-recourse patient financing solution. The patient's balance is liquidated, and the patient's debt is transferred to Curae, to be paid to Curae by the patient. No reserves are required to be set up by the health system as the patient balance is liquidated and off the books. Recourse patient financing requires reserves to be established as the patient balance if not collected by the financing entity, will come back to the health system, requiring repayment of that balance plus fees to the financing company. For more information on this topic, check out "Recourse vs Non-Recourse Debt in Healthcare: What Every CFO Needs to Know"

Does CURAEPay offer a revolving line of credit? Yes! As discussed in "What is a Medical Revolving Line of Credit and Why Does Institutional Capital Make the Difference?", CURAEPay offers patients a revolving line of credit, which means the credit is reusable specifically for healthcare services without the need to reapply. Patients apply once and receive an approved credit limit, typically up to $10,000 that can be used to pay for current and future balances at their health system. As payments are made, available credit is restored and can be used again without a new application.

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Curae® is a registered trademark of Curae Finance, LLC. CURAEPay is the patient financing solution managed by Curae within its Patient Financial Access Platform, which also includes CURAEAdvocate (ACA premium sponsorship) and CURAEClear (insurance discovery and Medicare underpayment recovery). For more on how non-recourse patient financing works, see What Is Non-Recourse Patient Financing and Why Health Systems Are Switching. To learn how CURAEPay can reduce bad debt and improve patient collections at your organization, visit curae.com.