



By Kia Pajouhesh

Buy-Now-Pay-Later abuse of process in the “sales-centric” approach to health care

“In sales-centric health care, the *modus operandi* is to close the deal whilst the iron is hot and punish anyone wanting to reconsider their impulse purchase”...

In 2015, when I engineered and introduced *MySmilePlan*, the first “Buy Now Pay Later” (BNPL) offering to the Australian dental profession, I was motivated by the benefits this method of payment would afford patients and dental practitioners alike.

In May 2017, when *Australasian Dental Practice* magazine asked me to write about the payment plan categories available in the Australian market, I labelled BNPL payment plans as the “next big disruption on the dental horizon” and opened with the following statement:

“It is not uncommon for people to put off, or even forego, dental care for financial reasons. This is a problem for dental practice profitability and it’s a bigger problem for patients, who invariably will require more extensive, and expensive, treatment down the road. That’s why payment plans are so important – and are rapidly becoming part of the business fabric of dental practices in Australia. Such plans enable patients to get dental treatment when they need it, without the stress of large upfront costs. And they enable dentists to get more patients in chairs, with treatment starting right away.”

In a short period of time, *MySmilePlan* burgeoned to more than 1000 dental practices encompassing over 4500 dentists and specialists registered to use our BNPL product. With ominous market headwinds on the horizon, I chose to divest myself from the BNPL sector and sold *MySmilePlan* to Openpay in late 2019, who then continued to trade under the ASX listed Openpay masthead until their unfortunate, albeit predictable, collapse in early 2023.

To this day, I remain an advocate of the ethical application of BNPL in the provision of dental services, both within my own general and specialist practices and in the broader dentistry sector. Therefore, I cannot accept the overt abuse of the BNPL methodology of payment by unscrupulous, profit-chasing registered health practitioners in the dental industry under the lacklustre scrutiny of the Australian Health Practitioner Regulation Agency (AHPRA), whose purpose is to regulate all registered health practitioners, including dentists.

Here are the Top 3 problems currently plaguing the provision of BNPL in Australian oral health care, together with the solutions I would propose.

1. Not an interest-free product as advertised to consumers

The premise of BNPL interest-free products to the Australian consumer relies on the notion that it is “genuinely” interest free. Yet, many dental service providers push automatic discount offerings to patients who pay for service without the utilisation of a BNPL product. This action reveals the

unfortunate reality that the BNPL-quoted fee for service has been loaded to anticipate the BNPL interest costs – thereby indirectly passing on the BNPL interest cost to the consumer.

Solution: The Australian Securities and Investments Commission (ASIC), which regulates BNPL company governance in Australia, must ensure that they keep BNPL corporations accountable to the Australian consumer. As part of good governance to meet regulatory standards, BNPL companies must invest more to audit dentistry businesses to ensure their financial products are genuinely interest free.

2. Patients pressured into committing to BNPL payment plans at first consultation

Case studies I publish regularly on my *LinkedIn* account are littered with testimonials from patients pushed to sign a payment plan on their consultation visit with a dental treatment “consultant” – or salesperson. All too often, the payment plans are based on a treatment plan by a health practitioner that is at best scant and at worst not even devised by a registered health practitioner. The common theme of the testimonials, however, is that not all options and risks are being canvassed and the patient is therefore not in a position to provide informed consent to an ethically constructed treatment plan.

Solution: To remove “impulse purchases” in dental health care, the Australian Health Practitioner Regulation Agency (AHPRA) would be serving the most vulnerable in the Australian community by setting policy that requires all BNPL contracts to be entered into at least 7 days after (i) consultation with a registered dental practitioner explaining treatment options, risks and the option of seeking specialist care for more complex procedures, and (ii) having provided the patient with a written treatment plan and quotation.

3. Through the weaponisation of the BNPL plan agreement, patients are penalised for wishing to seek a second opinion – even before any treatment has begun, literally from the moment they walk out of the sales consultant’s room

This problem arises as a consequence of point 2 above. In patient-centric health care, the provision of time for careful consideration of the options, risks and costs would only promote better informed consent and increase the ratio of patients seeking second opinions. However, in sales-centric health care, the *modus operandi* is to close the deal whilst the iron is hot and punish anyone wanting to reconsider their “impulse purchase”.



Solution: Implement solution 2 above. Furthermore, AHPRA ought to provide guidelines condemning the unscrupulous application of BNPL penalty fees as leverage to deter patients from either changing their mind or seeking a second opinion before starting treatment. In sales-centric health care, the most vulnerable patients are pushed, in their initial sales consultation, to commit to a BNPL payment plan. Once having signed the contract under pressure (with some businesses boasting that as many as 90% of their patients sign up to their BNPL plan), patients are unscrupulously penalised as much as 15% of the total cost of the treatment to prevent the patient from renegeing on treatment. This notwithstanding the fact that the patient has not yet begun treatment. Hence the patient is clearly deterred from seeking a second opinion or even reconsidering the treatment itself.

The sales-centric approach to healthcare and how BNPL fits in

I am often asked why it's advantageous for the business to have telephone sales staff directed to ask the patient so many questions about "urgency of treatment" and why the whole team are directed to "push BNPL so hard"! The answer is straight from the snake-oil merchant guide to impulse buying and pressure selling.

1. Urgency of treatment, albeit merely perceived in many cases, sets the scene for the sales consultants to strike whilst the iron is hot at the first consultation. The entire first-consultation visit with the dentist followed by the sales consultant is co-ordinated to get a commitment to proceed from the patient ON THAT DAY.
2. Whilst the business spruiks BNPL on marketing platforms and social media, the business managers and their sales coaches teach their teams to aggressively push BNPL payment plans onto patients – not simply to increase convenience and case acceptance levels by improving patient cashflow, but doing

so insidiously and surreptitiously (1) as a low entry gateway for patient commitment to treatment, and (2) applying financial pressure for anyone wavering from treatment thereafter.

Let me explain it this way... To get the sale done, a lot more effort (and therefore a reduction in sales conversion rates) is required to get a financial deposit from a patient as commitment to proceed with treatment. Compare this with a signature for a "0% plan with no early exit fee" and once patients have signed the payment plan agreement in that first consultation, they are reluctant to back out, or reduce the scope, of their treatment in the face of exorbitant penalty fees payable.

So in a nutshell, if you're a ruthless operator selling a significant treatment plan, you have a considerably higher success rate to close the deal "that day" in the consultation room whilst the patient is under pressure, feeling a sense of urgency and the threshold to commit is merely a signature on a form and zero deposit, with no credit checks and no exit fees to pay early... versus an actual financial deposit paid some time in the future after careful deliberation. Thereafter, in the cooling-off period that exists in virtually all sales settings (except in the health industry it seems), when you contact the business to exercise your right to seek an alternative second opinion, to reduce your scope of treatment or cancel your appointments, you are lumbered with penalty fees and instructions to deal with the BNPL provider. Good luck with that!

About the author

Dr Kia Pajouhesh founded Smile Solutions on Collins Street in 1993 with only 8 patients. Today it is the largest single-location general and specialist dental practice in Australia, occupying five floors and the tower of the Manchester Unity Building and servicing more than 200,000 patients. The facility, together with Core Dental Group, engages more than 120 clinicians, including 25 board-registered specialists as part of Collins Street Specialist Centre.