

The Evolution of Payment



by Kirk Sweigard

Kirk Sweigard, the vice president of strategic partners for CareCredit, has more than 15 years of sales and marketing experience. Collaborating with dental professionals, including consultants, associations and suppliers, Sweigard provides the opportunity to develop and enhance relationships that support association members and dental practices.



Recently, I was listening to an “oldies” station that plays hits from the 1970s and ’80s when Cyndi Lauper’s song “Money Changes Everything” came on. The song made me think about how money itself has changed over the years and how it has changed people’s purchasing behavior, even when it comes to dentistry.

The practice of dentistry was first documented in 2600 B.C. By 500–300 B.C., elite thinkers such as Hippocrates and Aristotle wrote about dentistry, including the eruption pattern of teeth, treating decayed teeth and gum disease, extracting teeth with forceps, and using wires to stabilize loose teeth and fractured jaws.¹

In those ancient times, when it came time for people to pay, we’re fairly certain they didn’t have insurance to contribute to the cost of care, or the ability to pull out a piece of plastic and say, “Charge it.” Happily, the profession of dentistry and the way people pay have evolved.

Early history: From bartering to personal loans

Over the centuries, not only has the practice of dentistry evolved but the way people pay for treatment has, too. In fact, the way people pay for *all types* of goods and services has evolved, although “money” has been a part of human history for almost

3,000 years.² Bartering was one of the first ways humans exchanged goods and services. In 600 B.C., King Alyattes created the first known currency in order to facilitate trade.² From there, coins have evolved into bank notes, personal loans, bank loans and “e-money” provided via telegram through Western Union.

Although every step in the evolution of money greatly affected commerce, the idea of *credit*—loans made by banks and businesses—may have been one of the most important, because it became how people bought bigger-ticket items such as houses, cars and furniture. Credit also made these items accessible to mass consumers who might not have been able to purchase them if “paid in full in cash” had been the only payment option. This precursor to credit cards has been used by retailers for decades; think of your hometown restaurant where you ordered “the usual” and had them “put it on your tab,” which was settled, typically, at the end of the month.

In 1946, personal credit evolved into the first bank-issued “charge-it” credit card. John C. Biggins, who worked for the Flatbush National Bank in Brooklyn, New York, came up with an idea that would help local stores give bank patrons a new way to pay for purchases, effectively taking store merchants out of the banking business.

The first universal credit card to be used at a variety of establishments, Diners’ Club, was introduced in 1950 by Fred McNamara.³ A few years later, in 1958, the American Express travel and entertainment card was introduced. Others followed, including Visa and Mastercard, and are widely accepted at all types of businesses.

The evolution of money in dentistry

Possibly because of the personal relationships that exist between dentists and their patients, the adoption of credit cards was slower at dental practices than at department stores. This could also be why some dentists even today provide “personal loans” to

patients by billing them at the end of the month. In the past, allowing patients to pay a little to the practice each month was especially important for higher-cost treatment, such as orthodontics. It was common practice for orthodontists to bill patients monthly, timing full payment with completion of treatment, so that the incentive to pay was removed at the same time the braces were.

As the way people pay evolved, so did dentistry. Dental implants came about in the 1960s and, similar to orthodontics, their cost was higher than that of most general dental procedures. But unlike orthodontics, implants took less than two weeks to complete and required upfront lab fees, which were paid by the dentist.⁴ Billing patients over time for this procedure would put dentists in the position of managing negative cash flow, collections and bad debt.

In 1987, CareCredit was introduced specifically to give patients another way to pay for implant cases. Paying with a health care credit card was more convenient and helped patients fit dentistry into their budgets, and by this time, people were used to paying for larger purchases with monthly installments. As the cost of care increased while dental benefits remained mostly unchanged, even more patients found themselves with unplanned out-of-pocket dental expenses and often hesitated to accept treatment as a result.

Today, most dentists accept health care credit cards, which often offer unique and valuable benefits that general-purpose credit cards may not, such as promotional financing and practice support. Dentists have found that if they present the cost of care along with a monthly payment, it often makes dentistry more accessible by increasing patients’ purchasing power—and in some cases, their trust. My own dentist has earned my trust over the years partly because he is upfront with information, including payment options. I knew when I walked in the door what was available to me, so cost was not a barrier to treatment. You may find that including all payment

options—on your website, on social media and in your marketing—can help patients overcome cost concerns and begin to build trust.

So, what’s next? A recent study found that we are moving toward a cashless society⁵ and the way people will primarily pay businesses and each other will be through contactless cards and mobile phone digital wallets. In fact, the study found 34 percent of people in the United States rarely use hard-currency dollars and cents, and 38 percent would be willing to go cash-free. At the same time, a few businesses across the country are eliminating cash and checks as payment options.

Ultimately, when it comes to a way to pay today—whether it’s by paper, plastic or digital—giving patients options so they can choose what works best for them can help increase treatment acceptance. ■

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