



Winter 2007

AccessOne® Newsletter

This is the first of many newsletters to come on a quarterly basis. We know your time is valuable, so our communications will be brief and will focus on specific issues of mutual interest. These newsletters will discuss “Operational Updates”, a “Special Topic”, and our “Product Results” in dealing with that particular topic or issue.

By sponsoring the AccessOne MedCard program, your hospital already realizes that the cornerstone of your business strategy to price transparency, high deductible health plans, and health savings accounts must be a patient friendly payment program. The reality is Americans don't save! The challenge facing hospitals is how to effectively extend credit to patients who will be increasingly forced to pay a larger portion of their medical bills.

Our promise to our hospital clients is to provide affordable, open-access payment programs which can be offered to all of your patients with or without insurance. AccessOne achieves this by funding after the first payment as opposed to credit scoring or only providing services to a select few. At the same time AccessOne reduces your cost of collection and improves customer service compared to the traditional collection agency approach. We hope you find our quarterly newsletters beneficial and informative.

Special Topic:

Each quarter we will focus on a special topic that affects AccessOne, our hospital clients, and their patient cardholders. By far the most pressing issue over the past year has been rising interest rates. As our competitors, when interest rates increase our cost of funds goes up an equal amount and this is passed on to our cardholders. Rates have remained stable for the past couple of months, so hopefully we have seen the last of these increases.

**Rising
Interest
Rates**

Operational Updates

- GE Healthcare Financial Services, Inc. has renewed its loan agreement with AccessOne to provide funding for our qualified clients for an additional 3 years. November '06 marks two years that GE has provided our funding.
- Bank of America provides our treasury/lockbox services and is our corporate bank. AccessOne recently entered into a marketing agreement with BOA to offer our products to hospitals with which they have a banking relationship.
- AccessOne has successfully integrated new ShoreTel phone technology with its proprietary software system. The efficiency and productivity of our customer service representatives and collectors has greatly improved.
- Two thirds of our business now comes from referral applications. Our activation rate now exceeds 90%. If your CBO and/or EBO does not send AccessOne referrals, we need to discuss their benefits and schedule training.
- Three years ago less than 10% of our cardholders had insurance. Today that number exceeds 35%. Consumerism in health care is not just coming, it's already here!

Rising Interest Rates: continued

“Despite rising interest rates, accounts continue to grow at a rate of 2 ½ times faster than defaults and cardholders are paying off their accounts 25% faster than a year ago.”

In 2006:

- ⤴ Referrals increased by 12.8%
- ⤴ Default Accounts increased 5%
- ⇒ Recourse remains at 17.2%
- ⤵ Average age of Paid-Out Accounts decreased from 24 months in 2005 to 18 months in 2006.

If we look at the hospitals who have been offering the AccessOne MedCard for at least 2 years, referrals for 2006 have increased 12.8% as compared to the same time period for 2005 despite the higher interest rates. On average defaults have increased just over 5%, and annualized recourse remains low at 17.2%.

Since AccessOne has no prepayment penalty, our cardholders can reduce their effective interest by making payments that exceed the minimum. The average age of a paid out account in 2005 was 24 months, today it is less than 18 months. Bottom-line: despite rising interest rates accounts continue to grow at a rate 2 ½ times faster than defaults and cardholders are paying off their accounts 25% faster than a year ago.

The AccessOne MedCard account holder is charged an Annual Percentage Rate (APR) of Prime plus 6% which is currently 14.25%. This APR on average is 2% less than bank credit cards, which do not offer interest free options. Our typical new account averages \$1200. With their first bill our patient cardholder has the option to pay \$400 per month for 3 months at no interest or pay as low as \$39/month at the current APR. But since there is no prepayment penalty, if the same cardholder choose to pay \$78/month their finance charges would be reduced more than 50% over the life of the account. Our patient friendly statements constantly teach our cardholders how to reduce their effective interest rates and finance charges. Since our patients cardholders could take 36 months or longer to pay off their accounts, the fact that they typically payout in half that time shows this strategy is working which significantly reduces the effective interest rate!

New Products

In spite of the obvious positive trends with our original product, several hospitals have asked us to pilot new models that not only counter the effect of the increasing interest rates but make the program a better deal for their patient consumers.

As a result AccessOne now has Three Patient Friendly Payment Programs which are explained in greater detail on the next page.

New Products: continued

Original Product	New Product Funded Option	New Product Unfunded Option
Variable Rate Program with a 90 Day Interest Free Option* (VRP90D)	Variable Rate Program with a 12 Month Interest Free Option* (VRP12M)	Fixed Rate Program with a 12 Month Interest Free Option (FRP12M)
<input checked="" type="checkbox"/> <i>Funded*</i> <input checked="" type="checkbox"/> <i>Most Rapid Cash Acceleration</i> <input checked="" type="checkbox"/> <i>8% Service Fee</i> <input checked="" type="checkbox"/> <i>Prime + 6% Patient Interest Rate</i>	<input checked="" type="checkbox"/> <i>Funded*</i> <input checked="" type="checkbox"/> <i>8% Service Fee</i> <input checked="" type="checkbox"/> <i>Prime + 6% Patient Interest Rate</i>	<input checked="" type="checkbox"/> <i>Not Funded</i> <input checked="" type="checkbox"/> <i>4% Service Fee</i> <input checked="" type="checkbox"/> <i>Fixed 8% Patient Interest Rate</i>
Results of New Products		
	<input type="checkbox"/> <i>Increase in account volume by 35-40%</i> <input type="checkbox"/> <i>Unfunded Payments have tripled</i> <input type="checkbox"/> <i>Increase in Funded Payments by 10-12%</i>	<input type="checkbox"/> <i>Increase in account volume by 35-40%</i> <input type="checkbox"/> <i>Increase in collection rates by 30-40%</i> <input type="checkbox"/> <i>Decrease in Service Fees by 50%</i>

**Funding provided by GE Healthcare Financial Services for qualified hospitals. Defaulted accounts are recoured and Interest Free Option Payments are not Funded!!!*

We are just passing the one year mark for these new product options which already make up 20% of our business. Both of these new products offer the option of 12 equal interest free payments. For our typical account of \$1200, the cardholder can make 12 monthly, equal and timely payments of \$100 with no interest. Whereas with the original product 3 interest free payments of \$400 are required. We see with the original product 6-8% of our patient payments are interest free, but with the 12 month interest option 26-28% of our cardholders are making interest free payments. Both of these products eliminate the need for hospitals to have an interest free internal program.

Most of our hospital clients are very happy with our original product, but our enhanced patient cardholder offerings do seem to benefit our hospitals as well. Maybe this is what HFMA means by patient consumerism and patient friendly billing. It is working for us and our hospital clients!

Everyone here at AccessOne MedCard thanks you greatly for your business!

Call me with any questions,

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