



## **PITCHIT FINTECH STARTUPS PODCAST NO. 63-BRENDON KENSEL**

Welcome to PitchIt, the fintech startups podcast, one founder, one startup, one investor at a time. I'm your host, Todd Anderson, Chief Content Officer, FintechNexus.

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**Todd Anderson:** On Episode 63 I talk with Brendon Kensel, CEO and Founder of PrimaHealth Credit. PrimaHealth Credit is a fintech company that's working to democratize access to healthcare by improving financing options available to patients and, you know, healthcare is one of, if not the top reason why people in America go bankrupt. People do not always understand the terms that they're agreeing to take on after or right before a procedure and providers typically hide fees that can be exorbitant in many cases inside these plans.

PrimaHealth is aiming to solve this issue by making healthcare financing simple and straightforward and Brendon himself comes from the dental industry so he knows firsthand the issues that many patients face. Brendon and I discuss the simplicity of their model, what procedures are covered through the platform, the complicated world of insurance, bank partners, how they approve close to 90% of borrowers, I think the industry benchmark is closer to 50 to 60%, raising capital and a whole lot more.

Without further ado, I present Brendon Kensel, CEO and Founder of PrimaHealth Credit. I hope you enjoy the episode.

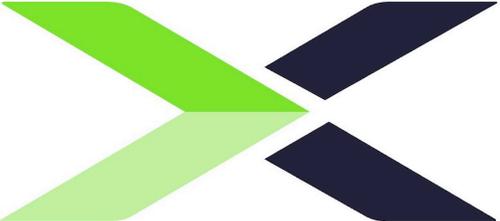
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Welcome to the podcast, Brendon, how are you?

**Brendon Kensel:** Good, how are you doing today?

**Todd:** I'm doing well. So, I'd like to just kick off if you can give us a little color as to where you've been professionally before your current venture and tell us a little bit about yourself.

**Brendon:** Yeah. I think I'd start up by saying I'm a recovering entrepreneur which means I am not recovered. My early focus in my career was in sports marketing, I actually founded a sports marketing agency between my sophomore and junior years in college and I did that while I was a fulltime student. So, that actually led me to produce over 50 professional rodeos in Washington and in the Arizona state.



# FINTECH NEXUS

**Todd:** Wow!

**Brendon:** It was crazy because we would put these riders to music so like, example, a rodeo guy would get on a bull and we start playing Mission Impossible. I don't think they really liked that, but, you know, it was great entertainment (Todd laughs) for the fans. But it was really interesting, we also had like dancing in the dirt and kids areas and stuff, but it also kind of led me to one of my key, you know, business management benchmarks which is a lot. No business situation is bad as long as the bull is not in the kids' petting area, we literally had a bull jump a tent and get in the kids' petting area and that's a problem.

So, that's sort of my benchmark for hey, are we having challenges in the business, but that experience.....I sold that business and then that led me, I ended up getting into Triple A baseball, I managed Triple A Baseball Club for the Seattle Mariners, it was (inaudible) years. That was in 1995, really cool year to do it because that was the year Alex Rodriguez was playing there, I was a man amongst boys, really, really nice guy when he was a young man. And then, I later moved to Southern California, went to business school and in about the same time I launched one of the first ReachME, the email marketing company in the US so that was sort of my early career.

**Todd:** It sounded like that you certainly are an entrepreneur at heart from what it sounds like, what drove you to, you know, entrepreneurship to begin with, you know, it's funny, bull riding and bull competitions to minor league baseball to healthcare and now, financial services with healthcare. How did that journey happen, like is it something along the way you're like, wow, this needs to change or you just hadn't found that something that you wanted to really gravitate to and say alright, you know, this is the next 15,20,30 years?

**Brendon:** Well, you said there's a couple of questions in that. So, first it all I think it all started with my wiring, I would say I'm wired to be an entrepreneur, both of my grandfathers were entrepreneurs. One of them owned and operated Buffalo Bill's Old Hunting Lodge as a resort in Wyoming for a number of years and my other grandpa owned a tire shop in the Central Valley, California. So, you know, it's in the bloodstream, my parents are academics and teachers so I skipped a generation somehow. But as far as, like kind of making the leap from sports to adtech to healthcare to fintech, along the way I partnered up with some guys and we actually started a dental services organization. I mean, we own and operate an orthodontic office in Southern California.

It was that experience that got me interested in patient finance because I was so frustrated, you know, with the process of trying to help patients get appropriate care, I saw first-hand how a lot of people struggled to pay for out-of-pocket expenses. In orthodontia, in particular, it's usually the mom just trying to get a beautiful smile for her son or daughter and it's so frustrating because mostly, prime credit solutions, they'll approve well less than 50% of your patients.



So, you know, they end up getting denied, it's heartbreaking and so we used to do what everybody told us, we just offered a house payment plan to that patient or family, but, you know, you don't know their credit quality, you don't know their ability to pay and we weren't particularly good at collecting from our patients. You know, a lot of it has to do, you don't want to fracture that relationship and so that's why we started PrimaHealth Care, it's really the dream machine I wish I would have had when I was, you know, operating.

**Todd:** Tell us, tell the audience exactly what you guys offer, what's covered through the services that you guys have and, you know, how'd you come up with the name as well?

**Brendon:** So, PrimaHealth Credit is a fintech company and we're really, really focused on building future patient finance, right. I've lived the old world as an operator and I'm laser-focused on delivering the next solution. So, our healthcare payment solution offers healthcare providers a single credit application that enables us to serve folks across the incoming credit spectrum. And so now, it's really for the first time patients, whether they have great credit or they have credit challenges can now get the care that they need in a straightforward and affordable way and the market really, really needs that.

As far as our name, PrimaHealth Credit, Prima really comes from primavera, primavera is a big strong tree, but also primavera in Italian is fresh so it's sort of a combination, you know, the entrepreneurs came up with all sorts of wild names, but that's sort of the origin story of PrimaHealth Credit.

**Todd:** And so, you briefly mentioned some of the issues with patient financing, a lot of either dentists, doctors' office will give people a payment plan. but what are some of the other issues with financing through either the offices or just patient financing in general because I've had issues, you know, in the past with my teeth and it's always, do you get it done, do you deal with the pain. How are going to pay for something that might be thousands and thousands of dollars and it puts people in a really, really bad situation?

**Brendon:** You know, one of the biggest problems in patient finance is the historical focus on prime plus patients, right. There's over 160 million Americans with non-prime credit and ultimately unequal access to finances led to unequal access to healthcare, in my view and so that limited access definitely limits care and we ultimately want to change that. You know, we not only can serve prime and near prime patients, but we can also serve the credit challenged and underbanked and it doesn't have to be a scary or unprofitable proposition and there's so many reasons why, you know, somebody might have credit that isn't perfect, they might be a student, people with well income or maybe they just had a brief period of unemployment.

The way you approach people who don't have great credit isn't with traditional underwriting, right, FICO is wonderful for people that are prime plus, but it's a terrible proxy for sub-prime credit folks so you really need that, specifically credit analytics, that can analyze hundreds of odd communities and



assess that patient's ability to pay and that's what we're really, really good at. So, we built a platform that delivers that deep credit analytics and machine learning so we can match those patients with payments they can actually afford, and they can pay over time.

**Todd:** Now, do you guys hold the loans on your balance sheet, do you work with various financing partners to underwrite and essentially originate these loans to the borrowers. How does some of the process work?

**Brendon:** No, we're a true fintech platform so we don't hold any balance sheet. One of the unique things about us is a lot of us come out of the health industry, have backgrounds in healthcare services, particularly elective care and dental and orthodontia and so we really purposely built our platform to serve healthcare, we really understand it. I think that's been a huge differentiator for us.

As far as partners, we partnered with Citizens Bank and the way I think about it, we're really focused on how do we help democratize that access to care and it's really not something you hear that often with patient finance companies because, again, it's easy to finance those with excellent credit, it's more challenging to do it with folks across the increment credit spectrum. Knowing we needed that broader solution, we partnered with Citizens and we launched this program we call the "Greenlight Program" and it's that one application for everyone solution that enables us to approve a large number of people so they can access that care. And unlike other solutions, our partnership with Citizens, you know, our partners are really getting the best of a fintech and the strength of a bank that enables us to deliver that next generation solution in patient finance.

**Todd:** You know, there's certainly an impression when working with banks that they're obviously risk averse and, you know, they don't necessarily go that far down the credit spectrum, was there any hesitance with a Citizen of any of the other potential partners that you work with about the types of borrowers that you might be serving and any reticence from them that alright, this might not be a product because it's beyond prime or that wasn't an issue really.

**Brendon:** No. I think in the active discussion you're constantly iterating and optimizing product and then that's going to be true of any partner that you have, but I think it's also starting to gain comfort with the healthcare segments that you serve and the types of folks that need that care because, you know, once you start to understand the specific segments that you're serving and the care segments, it definitely...they can get a lot more comfort.

**Todd:** In hearing you talk I'm curious, in your opinion as someone who kind of comes from, you know, the background of healthcare, especially more on the dental side, is what's more broken, the credit scoring system or the healthcare system in your mind because clearly both are broken and in different ways. But you mentioned it earlier that the prime/super prime are pretty easy to underwrite, but beyond



that, especially when you talk about hundreds of millions of potential people getting shut out, as someone who comes from both sides of the equation, I'm curious to hear your answer to that.

**Brendon:** Yeah. I mean, look total out-of-pocket healthcare expenditures in the US are expected to grow up from probably about \$500 Billion in 2021 to about \$800 Billion by 2026. So, effectively, you and I are becoming (inaudible), right, and the burden is shifted on us to really pay for it even if we have insurance and the thing about like dental orthodontia, there's very limited insurance coverage. You can have a little bit of coverage, but you could go in and patient might need a bridge or a crown or orthodontia treatment and majority of that is paid by out-of-pocket.

**Todd:** Yeah.

**Brendon:** Seventy seven percent of Americans don't have the money on hand to pay for anything, any healthcare expenses over \$2,000. It puts them in a real jam real quickly which is if they can't access affordable monthly payments, they cannot proceed with the care that they need, you know, so it's a real dilemma and that's one that we're focused on solving.

**Todd:** When looking at your website and reading some of the articles that you guys have been mentioned in, one thing that you've always been very consistent with is simplicity of the offering, the simplicity of the terms, you know, why is that so important and are some of the other solutions out there very much driven by hidden fees and things that maybe the typical borrower might not look for. So, why is it such a core thing to you value prop, essentially?

**Brendon:** Easy use is really the price of entering patient finance, it has to be easy for both the healthcare provider as well as the patient. In our environment, it starts with one simple credit app to be able to serve folks, you know, across that income and credit spectrum and for providers, they're looking for a platform that seamlessly fits into their workflow and workflows and healthcare are more complex, you know, and that's why really I was coming from the space and understanding those workflows has been really helpful. But I think, you know, as we think about key product tenets for us, it's really based around accessibility so enabling a lot of folks to access our solutions, it's around empowerment so empowering that patient to control the application experience both in the typing in their data in their mobile device and also once they're approved receiving our offer and advice so they're empowered to select.

Fairness, so having products where the rate is the rate is the rate, no got you rates, because a lot of the products in the industry have, you know, hidden, deferred fees that are just terrible for your patients, I lived this as an operator, and also transparency, being really clear and plain with the patient, what they're signing up for, whether they're doing that on a tablet or a mobile device, they should be able to see that. So, that ease of use and that simplicity is so important, again, not only for the providers but for the patients.



**Todd:** What does the typical borrower size look like in terms of, you know, is it \$3,000, \$4,000, \$5,000 and is there like kind of an average or typical type of procedure that they're getting that's kind of, that you found out since you've offered this program that's kind of become the norm, so to speak, right now or is it kind of just range depending on who the borrower might be?

**Brendon:** Efficacy of procedure definitely drives your payments rates to a degree, but there's also a lot of section demographic factors into those products that you offer to the patient. On average, typically in the dental and orthodontia environment, your loans are going to be just over \$3,000, the terms, you know, tend to be around 18 months on the average and it could be plus or minus, of course, a little bit.

But the key is it's really about presenting repayment offers to that patient that they can afford, right, that fit into their monthly budget and that from an analytical standpoint you know they can afford as well, that's the key, right. So, it's about assessing their ability to pay and then matching them with payments they can actually afford so they can proceed and repay that.

**Todd:** What's the biggest reason someone says no to a procedure, is it strictly cost, is it those monthly payments? You know, someone's conceptualizing in their head that like, you know, if it's only going to cost me \$50 over the next few years I might do it, but \$300 a month over the next...so how much does it only relate back to cost and are most borrowers, they have some level of insurance or, you know, are there ones that go in that just have no coverage at all?

**Brendon:** There is usually a little bit of insurance coverage in dental work though, I mean, like in the US right now I think the latest number I saw from the CBC was like 32 million Americans are just totally uninsured, right. But, typically in the dental and orthodontia environment it's either like there are care procedures, you have a tiny bit of insurance, but most aren't covered by elective care or any way so they are looking for how do we way for those out-of-pocket expenses.

Those payment plans or financing plans start to become a critical lever to treatment acceptance because like, you know, if you're going to look at surveys of patients and why they don't proceed with care, a lot of it has to do with either they weren't aware of their ability to apply for a patient finance to make it more affordable, to use your example, to get to that, you know, \$50 payment over the next 12/18 months or so. It's so critical to say yes, kind of further down the scale is maybe they didn't like the recommended treatment plan or maybe they didn't like the doctor, but the overwhelming response is hey, I need an affordable way to pay for it.

**Todd:** Oh, that's interesting, most of us aren't even aware. Is it part of the issue that offices, say if they weren't aware of your solution that they don't want to offer some of those just like hey, here's a payment plan for this because it's a bit complex and getting people to, you know, actually pay it and



put the effort into doing collections calls and what not is just overly complex for say a small practice or a medium sized practice?

**Brendon:** It's slightly different issues like, you know, if we were to go buy a house or a car, you know, we know we need financing and we know in many cases we'll go get pre-qualified for financing so when we walk in the door, we're shopping and we're ready to go. In healthcare it's a little bit different so let's say hey, I think I want to go get my son or daughter some orthodontia treatment or let's you're surprised that you need, you know, a crown or a bridge and you don't have the cash on hand, most people don't enter their dental or orthodontist's office pre-approved for anything, right.

Number one, you don't know what the treatment fee is going to be and then number two, you don't necessarily have an immediate plan on how you're going to pay for it and so that's why that presentation of patient finance at the point of care is so critical. Most providers these days are pretty good at being able to communicate to you hey, here's your recommended treatment plan, you're going to have a great outcome and here's the treatment fee and, you know, we accept cash, credit card or we offer affordable monthly payments, would you like to apply. And that's where you're like, yes, I like to apply and that's where we come in so it's really different than maybe automotive finance or a mortgage finance.

**Todd:** Yeah. It's very reactive versus proactive.

**Brendon:** Absolutely.

**Todd:** What's the biggest thing that you've learned about PrimaHealth Credit since you've launched this venture?

**Brendon:** It's generally, and this is true of all the businesses that I've started, which is, you know, business plans typically don't survive contact with reality, (both laugh) it was no different for PrimaHealth Credit, you know, it takes a lot of iteration to find a product market fit and then just start to scale. Active engagement and feedback from customers is so important for continual course correction and optimization of our products and our platform and, you know, ultimately, that's true not only for PrimaHealth Credit, but really for all the businesses that I've started.

**Todd:** What's the best piece of advice you received, thus far?

**Brendon:** It was, you know, focus on building durable business, right, solve a real problem for specific set of customers and have a clear roadmap to get yourself to profitability. I'm a little bit old school in that way because, you know, this isn't my first rodeo, literally, (Todd laughs) and I've had my wounds and my scars and all through it understanding, you know, the problem that we're trying to solve and



having a passion for that is critical, but you also have to build that business to be durable so it ultimately can be valuable not only in the eyes of your customer, but also in the eyes of your investors.

**Todd:** Tell the audience a little bit more about those around you, the team, how is the team, you guys all remote, offices, tell us a little bit more about those around you at the firm.

**Brendon:** Yeah. We've got about 28 team members today, we're geographically dispersed. We were already built that way pre-COVID, but I think COVID definitely started to institutionalize, you know, a distributed team. While we do have a heavy concentration team members in LA, Orange County here in California, we also have product and tech team members in the Bay Area, we have risk and compliance folks in Delaware and then we have sales people all across the US.

**Todd:** In terms of, you know, I think you guys have raised a little bit of outside capital, how was investor appetite for the business idea and for other founders that might be listening to the episode, what were some lessons that you learned from maybe raising capital for this business?

**Brendon:** You know, we're in a good space, we're fortunate, a lot of investors do have a thesis around trying to solve for how do we help consumers pay for out-of-pocket expenses, what are those platforms that do that, how do we continue to democratize access to care so there's a lot of themes that, you know, we're passionate about that line up with the way a number of investors think about it so we're fortunate there. But I think best advice for an entrepreneur is you've got to find the right financial partner that share your vision and passion, it's just absolutely critical and then all truly having alignment with those key shareholders is also equally important to accelerate your growth and they can be enormously additive to your business. When they are on board, you have that alignment and then you share that vision for where we're going and what you're trying to achieve.

**Todd:** Potentially down the line, do you see yourselves getting involved in different types of healthcare financial options, you know, there's all kinds of areas within the obviously healthcare arena that either people have staff in collections or people might need to consolidate healthcare debt. Do you see yourselves going beyond just the patient healthcare option or is this kind of the more long-term focus?

**Brendon:** Yeah. I mean, we're going to remain focused on patient finance solutions that we can present at the point of care prior to that patient starting treatment, anywhere there's an environment that fits that, there's a range of out-patient care environments, elective care and need base care that fit that, that's where we going to stay laser-focused.

**Todd:** If you could change one thing about the healthcare industry right now through Prima or your previous knowledge, what would it be that could be most impactful?



**Brendon:** You know, there is a lot of misalignments strictly when it comes to insurance companies and, ultimately, this is again old school, but we've got to focus on the outcomes for the patient, right. What does the patient need and what are the outcomes that we need to get to and then driving alignment around that, you know, the industry sort of jumped the tracks years ago. Healthcare is a whole and the insurance industry is a whole so at the end of the day, it should be about patient and the patient outcomes.

**Todd:** We have just a couple of minutes left, but I always like to end a little bit lighter with some fun questions. So, do you have a favorite book and the last book that you read?

**Brendon:** Yeah. One I've been enjoying is a book that Frank Slootman wrote, he's the CEO of Snowflake, it was called "Amp It Up," he's a little bit of a hell-raiser in the book (Todd laughs), it was a fun read, it kind of stimulates new ideas, you know, and I know some people get rankled by some of his thoughts and ideas, but being an entrepreneur and being a CEO is really tough and challenging. It's accurate, in different ways it's good so I enjoyed that book and just kind of thinking about how to attack challenges and opportunities in different ways was excellent.

**Todd:** You know, you just mentioned CEO, founder, that's obviously your role, what do you do to step away, take a few minutes to yourself and kind of unwind because we all can't go a hundred miles an hour every minute of the day.

**Brendon:** It's challenging finding that work/life balance, there's no question about it. I really focus on health and wellness for myself, I tend to work out six or seven days a week. I'm really focused on nutrition, sleep, a little bit of meditation, it's like how do you find that balance when I'm constantly thinking about the business. By the way, I'm married and have two kids too so, you know, you're constantly trying to find, optimize yourself to be, you know, a good husband, a good dad and a good business leader all at the same time. I think most entrepreneurs, you know, feel like they're funneling all three simultaneously, but in my view, when you have that feeling that means you're probably perfectly optimized.

**Todd:** Hasn't the sights that, have you always been very health and workout conscious or did some of your work in the space kind of re-focused your energy there?

**Brendon:** No. I've always been into sports, I run track in college, I was a sprinter, I never quit working out after college, I love competing. You know, my experiences in sports, in collegiate sports in particular, kind of translated really well into my entrepreneurial journeys as well.

**Todd:** Do you have a favorite sport or sport teams that you root for?



**Brendon:** I enjoy football so while I was born in California, we moved up to Seattle when I was young so Seattle Sea Hawks are the team, you know, I root for and we pay that that directly build a washing down here in California. (Todd laughs)

**Todd:** And then final question is biggest inspiration in life.

**Brendon:** I'll turn that a little bit, I think it's more about, you know, influence. Well, influence for me, obviously your parents have a big influence on you. I think it was sports that probably had the biggest influence on me as a kid that kind of circled in back to that. You know, I have great memories of participating in sports as a kid, but in high school I gravitated toward track and field and then as I mentioned earlier, I continued to compete in track in college where I was a 400-meter specialist and look, to be successful in the 400-meter you have got to have a high pain charge, you've got to have grit, resilience and a pretty competitive spirit and, again, those things line up really, really well for being an entrepreneur. So, I feel like sports gave me that sense of working with others, belonging to a team and it's time and effort involved to maximize performance play a critical role in my development.

**Todd:** I really want to appreciate, you know, you taking a few minutes out of your day and chatting with me. If someone wants to get in touch, reach out, how do they do that, how do they find you, how do they find Prima?

**Brendon:** Hit us up on our website [primahealthcare.com](http://primahealthcare.com) or if you want to track me down, look me up on LinkedIn, connect with me, send me a personal note on what you're thinking because, you know, you've got a lot of inbounds and please put in a personal note. I'd be happy to connect with you on LinkedIn, I'm also on Twitter, but I really appreciate you having me on today, Todd.

**Todd:** Thank you so much, Brendon, continued success to you and the team and maybe we'll get you back sometime in the future,

**Brendon:** That sounds great, thank you.

**Todd:** Alright, thank you.

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