

December 1, 2011

BULLETIN

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DENTAL ECONOMY SHOWING SOME DAYLIGHT

Highlights from our recently completed Fall Survey:

For the last two years, only about 33% of Metro Area practices said their production was up from the previous year. This year 56% of respondents said production was up. More Outstate practitioners said that their production was up too (51%).

About 40% of area practitioners said that their new patient numbers increased. For the first time in two years, more practitioners said that their **new patient numbers** were up than down.

For the last two years “**The Economy**” has been the #1 issue for dentists. This year, that dropped to #4.

Insurance/PPO/M.A. hassles and write-offs have again, surfaced to the top as your major concern closely followed by **Staff issues** (staff costs, compensation, morale and teamwork).

An unweighted comparison of Metro and Outstate Area fees showed they were up 3%. Last year Metro Area fees were just up about 1%.

As dentists are increasing their fees, the insurance companies are not following those increases dollar for dollar so it makes sense that write-offs are becoming a greater and greater concern. Our database shows that the typical area practice collects just 87% of its Gross Production. That means you typically work over one month per year for free due to write-offs.☹

Although some of these indicators are positive, Doctors have not yet picked up their rate of giving raises to staff. As in previous years, just 30% of Metro Area dentists and 50% of Outstate dentists gave or plan to give raises this year.

70% of area dentists now have **websites** (up from about 60% last year). 72% have **digital x-rays** and terminals in the treatment room. The fastest rising technology this

year was “**auto appointment confirmation services**” (e.g., Demand Force, Televox, Lighthouse, etc.). So, if you haven’t already done so, start aggressively gathering e-mail addresses and cell phone numbers from your patients. It’s very likely you’ll be using this type of technology in the not-too-distant future.

My team and I make over 600 on-site consulting visits per year all throughout the Upper Midwest. The economy is certainly no help, and PPO write-offs are certainly an expensive aggravation, **but we find practices that take active management measures continue to grow and flourish.**

MAKE HAY WHILE THE SNOW FLIES!

Since I grew up as a farm kid, I’m big on being aware of the seasonable variations.*

For example, most of you already know that August is the single, biggest new patient month of the year (big on kiddie prophies with the back to school rush). May and September are typically lighter months in our area. Doctors, that’s a good time to plan your Continuing Ed or vacations. Beats sweating about the schedule.

We’re now coming up on the biggest crown and bridge months of the year: December, January and February. It’s the “Insurance Effect.” Anyone that’s putting off treatment now should be committed to an appointment next year. Don’t let it dangle with, “*We’ll get back in touch with you later...*” Some people use the **Year End Insurance/Flex Letter**. If you don’t mail these, these can at least be used as a handout. Some practices have good success with this and others not so much. If you haven’t tried it before, it’s worth a shot. Call our office for a copy (952-921-3360).

*I wrote an article on “Seasonality in Dentistry” for Dental Economics years ago. You can find the link to it on our website: www.AdvancedPracticeManagement.com

Since more and more offices are using automatic confirmation, you can use the same service to blast out a notice about year-end benefits. I saw a practice do this with Demand Force. For very little cost, they stirred up some business.

So, light up those intra-oral cameras, get out the visual aids and get the staff and yourself psyched up! This is the time of year where more of your patients will choose to upgrade their dental health if you are on your game.

THE SMILE CENTER AND DELTA:

Per David Aafedt, of Winthrop & Weinstine, P.A., after almost three years of fighting, the Smile Centers and Delta Dental settled their respective claims against one another early this spring. As is often the case with litigation and going to trial, the costs and fees associated with the process can become quite expensive, and the risk can be great. In the end, the Smile Centers simply could not afford to keep fighting and bought peace with Delta, with each party receiving a release from the other with respect to claims at issue in the litigation. Although the Smile Centers walked away from the money that they alleged Delta had illegally withheld, and agreed to pay an additional sum of money, the settlement was only a fraction of what Delta alleged it was owed.

“NON-COVERED” SERVICES:

We still get a lot of questions on this topic so here are some key points.

Non-Covered Services such as cosmetic services:

If an office places an anterior crown (such as all porcelain) for aesthetic/cosmetic purposes, this is a non-covered service and should not be submitted to the insurance company. Submitting it could imply that it is not cosmetic and is likely that you would be required to reduce your fee to the allowable amount by the insurance plan. Not submitting to the insurance company allows you to bill and collect your whole fee.

Maximums: Anything submitted beyond the maximum is still subject to the “allowable amount.” For example,

The Dentist completes two restorative crowns at \$1,000 each. The patient’s maximum is \$1,000. The allowable amount is \$900 per crown. Even though the insurance plan only covers \$1,000 of the \$2,000 treatment plan, the dentist is still

required to reduce the fee on both crowns after the maximum is reached. In this situation the Doctor would write off \$100 per crown.

This logic also holds true for things like “waiting periods”, “prior conditions” and “frequency limitations.”

Alternate Benefit (Covered Services): This is when the insurance plan alternates a “covered service” to support the lowest reimbursement or another similar service. For example,

The dentist completes a Posterior Composite at \$250. The insurance plan alternates the benefit to an amalgam with an “allowable amount” of \$120. The dentist collects the difference of \$130 from the patient.

THANK YOU!

We feel very fortunate to work with so many fine practices throughout the state. Sometimes we experience some long, lonely miles on the road but it’s all worth it when we get a chance to sit down with you and your team. Thank you very much for your business! Let’s make 2012 your best year ever!

Sincerely,



Bill Rossi Robyn Kain Shelly Ryan Kelly Larson Matt Lahn



Email: apm@yorktownoffices.com

Website: AdvancedPracticeManagement.com
952-921-3360