In Practice

WITH DR. RONALD E. GOLDSTEIN

Transitioning to a Fee-For-Service Practice

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Anyone who has been practicing dentistry during the past decade knows just how dramatically the profession has changed, both in clinical technology and practice management. Computers have virtually transformed the way we treat patients in the operatory and certainly improved the administrative/business aspect too. In addition the dental insurance industry has impacted our practices so much that most dentists have had to rethink the way their financial procedures are conducted. This month I have asked some of the country's leading experts in practice management to offer their perspectives. I found them to be insightful as to what is happening now and just how this will affect dentists in the future.

Q: When is a good time or the right time to go to fee-for-service in a dental practice?

Linda L. Miles—It is only safe to go to a fee-for-service practice when there are more patients than the number of dentists can physically care for. With a strong foundational structure, if the practice loses 25% of the patients, the practice still survives. It is also a good time when the economy is booming and people have expendable income (as it was in the early to late 1990s). Without these two factors, it can be the "kiss of death" for a practice that is not prepared for a downturn.

Marsha Freeman—The best time to go to fee-for-service is determined when insurance-driven practice is not meeting your needs—ethically, practically, and/or financially. If you are spending more time explaining insurance benefits than treatment recommendations, trying to keep up with the sheer numbers of patients you have to see, delegating extensive staff hours to insurance management and losing overall productivity, then the time to move to a fee-for-service model is as soon as possible.

Linda Drevenstedt—The decision to stop processing or accepting the assignment of benefits from your patients is a serious practice marketing decision. If your practice is already very profitable and can afford to lose patients, then proceed with caution. The fall-out starts in the hygiene schedule. It can begin to look like Swiss cheese. Don't be naive and think that you are so great that your patients won't leave and find a dentist who will take their insurance. Many dentists have suffered through the pain of the change only to find that their practice stalled in its growth. Many middle-income patients cannot write a check for

your services and then wait for payment from their insurance company.

Gail Cummins—It is the right time to go to fee-for-service when you have more patients than you know what to do with. It is also the right time when a dentist feels outside forces, such as insurance companies, are dictating and compromising the type of dentistry that they want to do. Many dentists make this change because they would like to do comprehensive dentistry, rather then just patchwork dentistry.

Give an advance notice by a letter to each patient at least 6 months to 1 year before this change.

How do you tell your established patients about the change to fee-for-service practice?

Linda L. Miles—Before you tell anyone, the dentists and the staff must be on the same page about this change. Benefits for the change should be clearly outlined and discussed before it is presented. The benefits to the patient are the practice as a business and to all those on the team including the dentists. The key to any change is that it is presented in a very positive and enthusiastic manner. Patients accept what the dentist and staff accept.

Marsha Freeman—I prefer to inform patients face-to-face. I recommend phasing into full fee-for-service during a 6-month period so you can first prepare your recare patients to "pay up front" at their next visit. Always ensure that patients understand that in most cases they can submit for insurance benefit reimbursement on their own or you may choose to continue billing their insurance as a courtesy. Include this information in a policy update letter to all active patients after this 6-month period.

Linda Drevenstedt—Gradually! Take your time. Begin asking patients to pay for services less than a certain dollar amount, usually the routine hygiene visits. Test the waters of your patients' response. You will see significant change in the hygiene appointments after the change. If you lose too many patients, you can reverse your decision at this point. If your patients tolerate the change, then ask them to pay for all services and electronically file their insurance with reimbursement to the patient. Finally, you can print the insurance form and ask the patients to file their own insurance. Make it easy for your patients to make the change by offering third party financing such as Care Credit®. This allows the patient to have little out-of-pocket expense.

Gail Cummins—Make sure you are clear, honest, and upfront with your patients, and give an advance notice by a letter to each patient at least 6 months to 1 year before this change. This gives patients adequate time to complete unfinished procedures. Communicate this change of office policy to patients with special care when they come for their routine hygiene visit.

What changes can you expect financially at the beginning of this transition?

Linda L. Miles—The money that was going on the books will now be going into the bank. I have seen the A/R **[QA: A/R is accounts receivable yes?]** drop from the $100,000 plus level (on an $80,000 per month practice) to less than $15,000. The good news is that this is a windfall of additional net income. The downside is that without close supervision by one's accountant, the tax implications at the end of the year can be staggering. Also, some dentists think their A/R is a cushion to fall back on if they are out for an accident or illness. If the money goes into a corporate slush fund, fine. If it is spent and there's a rainy day, then there's a problem.

Marsha Freeman—As long as you are scheduled productively 1 to 2 days in advance and your patients are well informed with arrangements to pay that day, you should experience a significant increase in your cash flow. Communicating your policy effectively is the most important aspect of the transition. That's why your decision must be planned and timed well.

Linda Drevenstedt—Many patients will leave the practice and find another practice that will file their insurance and accept payment from the insurance company. Most dental practices are not the only practice in their community. A patient's loyalty to a practice can waiver easily when you hit his/her pocketbook. A decision to stop taking insurance is a major marketing decision that must be made in the context of your practice demographics and the ability of the practice withstand losing up to 30% to 50% of the patients.

Gail Cummins—Some patients will leave the practice. You may make exceptions for some of your established patients, for instance friends, family members, and celebrities. Offer financial options, such as in-office payment plans or outside financial institutions. This offer will be encouraging to your patients and they will feel that you are sensitive to this new change.

How do you get your staff on board for this change?

Linda L. Miles—As I mentioned above, outline the idea, the benefits to all involved, and use the four magic words: "To make this change effectively, I need your help." Staff members love to be involved in changes that affect them personally (all changes in the office affect them). If they are hesitant to get on board ask them why and alleviate their fears with examples of other practices that have made this change with great success. Also allow them to vent their concerns in a safe environment. They often have keen insight to ideas and outcomes based on other practices in which they have worked.

Marsha Freeman—Do whatever it takes to support them. Don't put them out front alone doing what you yourself are not comfortable doing. Have them help you paint the picture of the "ideal practice without insurance" and create the protocols for how your new policies will work and be communicated. People support what they help create.

Linda Drevenstedt—Staff often falls into two responses to this change. Some—usually those who process insurance—will celebrate the change. However, remember, members of your staff are often closer to the income level of many of your patients and may feel the decision is not a caring one. Because the staff on the front line will have to deal with the patient complaints, there must be a conscious effort to practice the verbal skills necessary to make this transition. The staff needs to see "what's in it for me" as well as what's in it for the patient?

Gail Cummins—Recognize that there is some staff who are resistant to change. Although this decision is ultimately the dentist's, your staff's support and commitment are vital. If you have any staff that is squeamish, they may not be for your practice at this time. Being up front with your staff regarding some of the decision factors that brought you to this decision can be most helpful.

What would be the top five reasons to consider making this change, and should any of these be shared with patients?

Linda L. Miles—My five reasons would be:

1. Better cash flow.
2. Fewer statements and billing questions.
3. Patients' time saved in reviewing statements and sending a check for the estimated balances.
4. Business staff can use their time doing other practice building duties other than estimating benefit differences, sending statements and posting two or three times vs one.
5. Creative financing can carry the balances interest free for 6 to 12 months for those who wish to

pay over time. Yes, Nos. 2, 3, and 5 could be shared with patients.

Marsha Freeman—I could cite countless reasons for using a fee-for-service model. Here is my top five:

1. The focus of the practice is on the dental health of all patients, not on managing individual insurance provisions.
2. Dentists and staff are able to improve communication, patient management, and overall service because their time is used for patient care rather than insurance management.
3. The potential for comprehensive dental care increases tenfold because the barriers to treatment restrictions are not a part of treatment planning. This equates to a higher level of care for all patients while also increasing practice productivity.
4. Dentists are not concerned with insurance companies interfering with the relationship between them and patients.
5. Patient account management is cleaner, more accurate, with marked improvement of cash flow to the practice.

Determining what to communicate to patients should be based on the needs of the patient. Patients are not concerned with your financial goals and cash flow. What they want to know is "what's in it for me."

Linda Drevenstedt—My top five reasons would be:

1. The practice has far too many patients and the dentist does not want to consider an associate.
2. The dentist wants to move his/her practice toward fewer patients who will have larger treatment plans such as implants, esthetic dentistry, or full mouth restorative. Remember, this decision requires clinical expertise and the appropriate staff talent to support this type of practice, and it requires sufficient patients to sustain the productivity.

For Nos. 3. through 5, just see Nos. 1 and 2 again. [**QA: What does this mean? Please clarify.**]

Gail Cummins—My tip five reasons would be:

1. Insurance companies and their bureaucracy.
2. Delayed money.
3. You can weed out the patients who only want what the insurance company will pay for, instead of optimal dental health.
4. The dentist wants to do high-end esthetic dentistry.

Patients are not concerned with your financial goals and cash flow.

5. To simplify the administration portion of the practice and decrease overhead by eliminating staff. Simplification of the office allows more time to focus on patient care.

How do you address the fears that dentists have about making this transition?

Linda L. Miles—Point out that the foundation of the practice can support this change even if it means a 25% loss of patients (if in fact it can). Show statistical data (without names) of other practices like theirs that are suc-

cessful with a total fee-for-service model. Outline the benefits to all involved, most of all the patients. Teach the dentists and staff to role play scripts that work for them such as: "Mrs. Baker, we are very excited about making your visits with us easier in the future. Our service to you by filing your claim forms remains the same. Rather than collect the benefit difference from you, which has been an estimated amount requiring a statement for the difference, we are now collecting the treatment fees directly from our patients. This allows their benefit reimbursement to go directly to them. Most of our patients prefer to place the fee on their credit card so that by the time they get their credit card statement, their reimbursement has been received. This not only saves both of us time, but it eliminates confusion as well."

Marsha Freeman—I use an effective method known as the "Gap [QA: **Does GAP stand for anything?**] analysis." This analysis is based on clearly defining what the "ideal practice without insurance" would be like, then comparing it to the "current reality with insurance." When comparing the two, the greater the difference between the two pictures results in what I call the "Gap." The Gap represents the consequences of the current situation including fear, anger, frustration, stress, fatigue, depression, apathy, burn-out, the list goes on. To improve the situation and realize what is attainable, the dentist will choose the ideal picture and do whatever it takes to move ahead. Put simply, a fee-for-service model removes the responsibility of the dentist to submit insurance claims to receive payment. The patient has always been responsible for payment, but now the relationship for being reimbursed for the dental services is placed between the beneficiary and the insurance provider directly. The improved relationship between the dentist and patient is one of health care management…not insurance management.

In the end, we find that the dentists feel they are more in control of what they love to do.

Linda Drevenstedt—I think the fears are justified. It sounds great from the podium but reality is reality. Most patients, including higher income patients, would prefer to have the practice assist with insurance processing. A decision not to do so should not be taken lightly. It needs to be considered within the context of the community and in light of the dentist's ability to lead the team through this major transition.

Gail Cummins—This is not an event, but a process. In the end, we find that the dentists feel they are more in control of what they love to do and this can bring many benefits to the patients, dentist, and staff.