

ACT DENTAL PPO Roadmap

 **PURPOSE:** We've designed this roadmap to help any dentist reduce their dependence on insurance and find the freedom they seek.

THIS ROADMAP WAS WRITTEN FOR YOU IF:

- › You would like less PPO patients and more FFS patients in your practice
- › You desire more loyalty from patients
- › You want to be seen as more than a commodity
- › You would welcome less negativity every time you recommend treatment
- › You are tired of having the “what does my insurance cover” conversation
- › You want to eliminate all insurance plans OR you want to eliminate only your worst ones
- › You are already fully FFS and want to protect that freedom for the rest of your career

THE ACT DENTAL PPO ROADMAP WILL WALK YOU THROUGH:

- 1 The mindset needed when making this strategic decision
- 2 The data you must collect in order to learn your business strengths and weaknesses
- 3 The foundational & operational steps that need to be in place for the process to work
- 4 The research required to fully understand your own unique insurance exposure
- 5 The action steps to reduce some or all of your insurance dependence

INSTRUCTIONS

This is quite possibly the most important decision you'll make in your career. There are no shortcuts and the only way to do this successfully is to do it the right way. Start at the top and work your way down, only advancing once you have checked each step “complete.”

✓ BACKGROUND

Let's talk a bit about insurance, its perception in society, and its reality within the dental field today. When thinking about insurance, be it car, home, life, or medical, we think in terms of protection, and most specifically protection from catastrophic loss. We have insurance plans for the BIG things so those big things don't break us.

The first insurance company in the U.S. dates back to 1752 and was co-founded by Benjamin Franklin to insure the citizens of Philadelphia against the total loss of their homes by fire, a catastrophic loss. Medical insurance saw its big growth during the Great Depression, as it protected vulnerable citizens from the inability to receive needed medical care and avoid catastrophic loss of life or livelihood.

Now let's think about dental "insurance." A relative newcomer to the stage, dental "insurance" first appeared in California in 1954 as a benefit for union workers, and became reasonably widespread by the 1970s, offering a maximum benefit of \$ 1000 to their customers. While \$ 1000 paid for quite a bit in 1970, it's fair to say that from its inception, dental insurance was never intended to be a plan that covered a catastrophic loss. These plans were meant to be a "benefit" to help members of the early unions afford basic dental care costs for themselves and their families.

Now let's take a look at where we are today.

Let's start here—dental insurance companies are just that, companies that exist to make a profit. And these are big profits. According to Allied Market Research, "The global dental insurance market size was valued at \$152.26 billion in 2019 and is projected to reach \$237.11 billion by 2027." One reason these profits have existed and continue to grow, is because coverage maximums have not kept up with inflation, and annual maximums have hardly changed since 1970. Decreased reimbursement levels, limits in coverage, waiting periods, pre-existing condition clauses – these are all strategies insurance companies use to reduce their expenditures and maximize their profits. The result of these strategies is less profit for the dentist and less needed care for the patient.

✓ MINDSET

You've often heard us say that dentistry is the greatest profession in the world. We truly believe that. We can practice dentistry any way we want, when we want, where we want, with whomever we want, and for whomever we want. In the end, it is the greatest profession because of the freedom it offers us. However, dental insurance participation is threatening that freedom. **Please don't hear that we are anti-insurance—not true!** Dental insurance through the years has allowed many to access dental care who may not have accessed that care without the dental benefit. Yet today we are watching reimbursements go down, costs go up, and practices with a high insurance participation rate find they are working harder, longer, and for less money.

This brings us to the question of the day.

Are you dependent on insurance? Is the future success of your business fully in your hands or in the hands of insurance executives?

First let's define what we are talking about.

Insurance independence means that you have enough patients willing to pay you 100% of your fees that if you dropped all your insurance plans tomorrow, you'd still have enough patients choosing your dentistry to pay your bills.

Doesn't this mean fully FFS? Not necessarily. Can you still participate in some insurance and be considered independent? You bet. For some dentists, this WILL mean transitioning to fully FFS. For others it will mean ending agreements with only the least valuable insurance plans. For others yet, it might simply mean more intentionality at marketing to cash paying patients without dropping any insurance. Every dentist will have their own sweet spot and starting point on the road to insurance independence.

We can simplify the concept down to this idea if we can increase the amount of patients who pay us 100% of our fee, and strategically control the amount of patients who only pay us a portion of our fee, then our business will be insulated (independent) from the decreasing reimbursements from insurance.

STEP ONE

Do Your Homework

There are some numbers you need to calculate and consider even before making any decisions about PPO Participation.

Calculate your practice overhead %.
_____.

Calculate the Capacity as a % of every Dr. in your practice. Capacity is defined as the hours available to see patients divided by the number of those hours there was a patient in the chair.

- Dr. 1 _____
- Dr. 2 _____
- Dr. 3 _____
- Dr. 4 _____

Capacity of your hygiene department.

- Hygienist 1 _____
- Hygienist 2 _____
- Hygienist 3 _____
- Hygienist 4 _____

Why is capacity important? You need to know through actual data if your chairs are full or not, not just a feeling. Dropping PPOs becomes a bit easier when you can prove that you are over capacity and have no open chair time for FFS patients to get into your office. However, if you have open chair time (less than 95% capacity), it might be smart to work on attracting FFS patients first before dropping PPOs. Remember that an insurance independent practice has lots of patients paying 100% of the fee. These patients are true consumers and have no financial obligation to come to you. You have to give them a reason. If your chair isn't full with patients who have a financial incentive to be with you, it certainly won't be full should you reduce PPOs.

Identify your new patient referral sources in the last 6 months

- Existing Patient Referrals _____
- Online Search _____
- Facebook _____
- PPO Participation List _____
- Reputation/Word of Mouth _____
- Marketing Mailer _____
- Other _____

It is crucial to know how your patients are finding you. Why did they choose you? Ideally, we want you to work to develop patient referrals as your #1 referral source. When your existing patients are referring the majority of your new patients, that is an indication that you have provided some value to patients other than your insurance participation and that these referrals would likely continue even with less PPO participation.

Calculate your Annual Patient Value (APV)
- \$ _____

This is simply the average annual value of all your active patients. Per Dental Intel, in 2021 the bottom 10% of practices had an APV of \$370.04 with the average being \$644.11. The top 10% collected \$1,110.83 per active patient. We advise that practices looking to reduce PPO should be above average in APV and those wanting to go fully FFS should seek to attain that top 10% benchmark.

Calculate the # of unscheduled hygiene patients
- _____

WHY? This is a metric that tells you how good/bad your internal systems are at keeping your active patients scheduled.

Answer the following questions

- Do you bill all patients your one true full fee and write off the insurance discount? YES/NO.
- Do you bill out what the insurance covers? YES/NO

WHY? Remember, you have only one fee schedule and that is what you charge your cash paying patients. To fully understand your insurance write offs, your team must always bill the full fee and write off the insurance discount. Ignorance about write offs is not always bliss.

Identify the top 20 revenue generating fees in your practice. Then calculate the total billed production per fee and the annual write off amount per fee.

Code	Fee	Total Billed	Insurance Write Off	% Write Off
Example: Crown D2740	\$1,200	180 units = \$216,000	\$64,800	30%
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

Calculate your new patient hygiene reappoint %.

_____.

This is the percentage of your new patients who are currently scheduled in the hygiene department.

Why is this important? This percentage will help you gauge the overall strength of your new patient experience and the effectiveness of the internal systems supporting it. Are your new patients impressed enough to schedule a return visit before even leaving the practice? Are your systems established and team training on those systems to encourage this to happen?

Fill out an ACT Dental Quarterly PPO Scorecard for each of the three patient segment in your practice. Use the PPO Scorecard provided below and make additional copies as needed.

Three Patient Segments:

- 1** FFS patients (100% fee patients) – your cash patients or your patients with insurances you are NOT contracted with.
- 2** Your membership plan patients.
- 3** PPO #1, #2, etc. Fill a scorecard out for the prior YTD and then for each quarter of the calendar year you are currently in. Do this quarterly.

THE ACT DENTAL QUARTERLY PPO SCOREBOARD

PATIENT SEGMENT: _____

DATE: _____

It is important to have a scoreboard updated for each patient segment (FFS, membership patients, PPO #1, PPO #2, etc) within your practice. Without this data you are guessing on how best to proceed. Remember, data is unemotional. It tells the truth. Be committed to making good decisions based on data rather than emotion. This scoreboard will help you do that. Enter the data for the patient segment only UNLESS it asks for the data for the “entire practice.”

<input type="checkbox"/>	Month / Year			
<input type="checkbox"/>	Total # Active Patients in the entire practice			
<input type="checkbox"/>	Total # of patients in this segment			
<input type="checkbox"/>	% of Patient			
<input type="checkbox"/>	\$ Total Gross Production @ UCR			
<input type="checkbox"/>	\$ Total Collections			
<input type="checkbox"/>	\$ Total Adjustments / Write-Offs			
<input type="checkbox"/>	% Total Adjustments / Write-Offs			
<input type="checkbox"/>	# Total Number of Visits			
<input type="checkbox"/>	\$ PPV			
<input type="checkbox"/>	# of New Patients			
<input type="checkbox"/>	Average number of visits in hygiene per year for these patients			
<input type="checkbox"/>	YES <input type="checkbox"/> the practices owners have reviewed the PPO Agreement and fully understand it			

STEP TWO

Now that you have done the homework and evaluated some metrics of business health, it's time to implement changes that will lay the foundation for success when you begin to reduce insurance dependency.

LAY THE FOUNDATION

- Assess whether a membership plan is right for you or when the right time may be. Scan here to get help from our friends at Kleer. 
- Stop your participation in dental discount plans - discount plans are not insurance (even though they often are provided by insurance companies) as they pay no expenses. Instead, these plans simply are an agreement between the plan administrator and the dentists that the patients of the plan will receive a discount on any dental work. We advise anyone participating in a strict discount plan to make arrangements to stop participation and instead look at a membership plan administered by your practice as an alternative for these patients.
- Work to fill your chair (Dr. and Hygiene) near or exceeding capacity of 95%.
- Re-imagine your new patient experience so your Hygiene NP Reappointment rate moves closer to 100% and your annual patient value increases.
- Identify your avatar patient - what kind of FFS patient would you hope to fill the chair time of the PPO you want to drop? 
- Obtain a NDAS Fee Study and increase fees to match the level of your dental product. We feel FFS practices should confidently target their fees to the 90% level.
- Implement a process to always enter full fees and write off the insurance discount.
- Calibrate team on our beliefs about dental insurance, why it is important to increase the number of patients who pay us 100% of our fee, and the verbage we use to talk with patients about insurance.
- Identify all new patient referral sources and start an Ask For Referral program as well as Google Review program.
- Recapture inactive FFS patients. Get more 100% payers in your office.

STEP THREE

Now it's time to use data to rank your PPOs and determine which ones are helping and which are hurting.

DO YOUR RESEARCH

PROFIT RANKING

Using your scorecards, rank all your segments from best at the top to worst at the bottom using the amount of profit realized from each segment.

Ranking	Insurance Company	Total Profit
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

WRITE OFF RANKING

Now rank each of your PPOs based on writeoff %, from low at the top to high at the bottom.

Ranking	Insurance Company	Total Write off
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

IDENTIFY YOUR WORST PERFORMING PPOs

The low-hanging fruit are those plans that have a high write off and provide you a low amount of profit. Such a plan would be on the short list to eliminate. However, there may be a case where you have a plan with a low % write off (ranking high on the Write off Ranking) but provides low profit (low on the profit ranking) because you simply don't have many patients on that plan. This plan may be one to keep if you feel you can make an effort to attract more of these patients to your practice. If not, you may elect to drop it.

STEP FOUR

Time to ACT. Identify your target insurance plan(s) to remove from your practice.

Now What?

- Read the contract of every plan you are considering dropping. What are you contractually obligated to do? How do you get out of the contract?
- Set a target date for dropping the plan. We advise this be 6-12 months, giving you time to inform your patients and explain why you are becoming a non-contracted provider.
- Establish practice wide verbiage for you and your team. Refer to the Say This/Not That tool to discuss dropping this insurance. Keep updating this document and review it as a team often.
- Conduct phone training for those who will have insurance conversations on the phone. Make sure you and your administrative team develop frequently asked questions regarding insurance documents with well thought out responses.
- Stop accepting new patients from this insurance immediately - make sure to inform the insurance company if required to do so per the contracted terms.
- Print a list of all patients on that PPO.
- Identify when everyone on this list is scheduled next.
- Send a letter to all patients affected.
- Talk to each of them the next time they are in the chair to explain and encourage that you can still be their dentist. Make sure all communication makes it clear you can still see them as a non-contracted provider.
- Drop targeted PPOs over the next 6 months.
- Use the list of patients above to track how many stay and how many leave.



STEP FIVE

Continue to drop your worst performing PPOs over time. Ideally you will be replacing these write offs with additional patients paying you 100% of your fee.

Over time you may choose to drop insurances and be left with one or two. When/if you decide to go fully FFS, continue to step six.

STEP SIX

Going fully FFS requires hard work on the front end. Hopefully by now much of that work has already been done. Before deciding to drop your last PPO, check all the boxes below.

The Road to Full Fee For Service.

- Complete the ACT Differentiation Tool and implement a differentiation strategy.
- Implement and use the ACTion Planner/ Scorecard at every team meeting.
- Your core values are written, visible for all to see, and fully alive within your team culture.
- You have written your core purpose and it is clear to your team.
- You have fully drafted your practice differentiators-we call them practice promises.
- You and your entire team have watched the entire ACT Dental Verbal Skills Webinar Series.
- Ok, ready? If so, repeat Step 4 for your last PPOs.

