

Case Study 1



and marketing news

practice management

Practice Profile

- 28-year-old pediatric practice.
- Two doctors; one owner, one associate.
- Open Monday-Friday. Each doctor works four days per week.
- Average number of work days per month, per doctor: 15.
- Staffing: four front desk, four hygienists, seven assistants.
- Chairs: six doctor, seven hygiene.
- Average monthly production \$173,123.
- Average monthly collection \$141,109.
- Collection ratio 81.51 percent.
- Average new patients/month 103.
- Using paper charts and traditional radiography.
- Payer mix: 30 percent Medicaid, 70 percent PPO/private pay.

Owner Frustrations

- No room to add more treatment chairs as associate doctor becomes busier. Owner is trying to decide if she should build a new building and move the practice into a bigger space.
- Owner doctor can't keep up with the patient load, gets behind and feels "very stressed" with schedule. Feels that she has to see more patients per day to increase profits (she doesn't realize how inefficient the collection system is).
- Doctor feels the staff "just doesn't get it." They are not invested in the success of the practice.

Findings

Leadership

- No business plan in place. Team does not have goals to work toward.
- Doctor has not verbally shared her vision for the practice with the team.
- New practice location cost projections are loosely done, thus, owner doctor did not truly understand the amount of production and collection required to support the new debt service.
- Office manager fails to function in a management role due to owner doctor not delegating management duties to her and her lack of computer literacy and people management skills.
- No practice vital signs monitored.
- No morning meetings held. Monthly team meetings held sporadically.
- The owner doctor is conflict avoidant and does not hold longtime front desk staff accountable for their lack of skills.

Front desk efficiency

- Front desk systems are inefficient and operating 10 years behind the times with the dental software being used in a limited capacity.
- Staff's inability to multi-task and utilize the dental software causing back-ups at the check out desk.
- Do not have a no-show or short notice cancellation policy in place, just told patient to call back later. No follow-up on missed appointments.

Scheduling/production

- Not scheduling to meet daily producer (doctor and hygiene) goals.
- Staff scheduled according to holes in the schedule without regard to production or knowing how many places they were asking the doctor to be at the same time.
- Only 50 percent of recall patients were pre-appointed.
- Past due recall and unfinished treatment plan reports were rarely worked.
- No-shows caused low average daily hygiene production.
- No late appointment policy in place; if patient showed up they were seen no matter how late.

Collections

- Co-pays not collected from long-term patients at time of service, billed after insurance payment received.
- No electronic filing of insurance claims.
- Only accounts over 90 days are sent a bill.
- Accounts receivable not worked.
- Past due insurance claims report only worked every two weeks, not always finished during this time frame. Report would be reprinted and started from the beginning, so claims towards end of report (alphabetical by insurance company) may not get worked.
- No annual request for fee increase from PPOs.
- Fees not at a competitive rate, low for the area.



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Marketing

- No internal or external marketing actions in place.
- Parents that referred new patients were not sent a thank-you note.

This is the classic case of a doctor working harder instead of smarter to grow the practice. She felt like the practice was running her instead of her running the practice because strong leadership and business planning were lacking. Her practice management knowledge and computer literacy was low, therefore, she did not understand how inefficiently her front desk staff was operating.

Because of decreasing profit margins in dentistry, you must run your practice like a smart business as well as provide excellent clinical dentistry and customer service. This doctor needed to overhaul the front desk systems and increase the skills of her front desk staff to reduce the chaos felt throughout the practice and to increase profitability. Below are the recommendations and results that she achieved by taking these actions.

Leadership recommendations

- Doctor shared her vision for the practice at a team meeting. The team created two mission statements—patient and team. This created a standard of accountability that everyone understood. It was now clear where the practice was going and the staff was invited to be part of this journey and accountable for their actions in taking the practice to its next level. Staff understood they are also entrepreneurs in helping create practice success; the better the practice does, the better it can take care of them.
- Created a practice business plan that defined:
 - Two break-even points; the practice in its current location and moving to a new building with expanded square footage.
 - Practice goals to support each location scenario:
 - Average number of doctor and hygiene work days per month.
 - Average daily production for each doctor and hygiene.
 - Collection ratio.
 - Average number of new patients per month.
 - Raised fees to a competitive level.
 - An overhead budget and monthly budget amounts for staff that orders front office and dental supplies.
- Hired a new office manager from the outside with the skill set to manage staff and operate with the current level of technology required.
- Monitored practice vital signs and goals.
- Held morning meetings, as well as monthly team meetings and quarterly department meetings.

Front desk recommendations

- Front desk staff received training to increase their utilization of the dental software.
- All front desk team members were cross-trained in scheduling, collecting payments, presenting treatment plans, hospital cases, and working the recall and unfinished treatment plan reports. Each team member was given a task to take ownership based on the consultant's observation of each individual's skill level during the cross-training. This ensured all systems will be completed with one person ultimately held accountable for the outcome and as a contact point for the office manager and doctor.

Scheduling/production recommendations

- Schedule to meet daily doctor and hygiene producer goals.
- Block scheduling template created to meet producer goals and give a good flow to the day.
- All recall patients are pre-appointed using the automated recall scheduling function in the software.
- Past due recall and unfinished treatment plan reports are worked regularly by assigning this task to specific front desk staff, creating uninterrupted time for them to complete this task and office manager holding them accountable.
- Late appointment policy put in place so schedule flows smoothly.
- No show or short notice cancellation policy created.
- Missed appointments followed up on and not lost.

Collections recommendations

- All co-pays, deductibles and non-covered procedures are collected at time of service. Insurance payment schedules entered into the software to come up with an accurate co-payment. If this is not available, then 30 percent co-pay is collected instead of 20 percent to eliminate small patient portions due after the insurance payment is received.
- Insurance claims filed electronically.
- Accounts receivable worked weekly by office manager.
- Statements generated daily if a balance is left after the insurance payment is received.
- Past due insurance claims report worked thoroughly every week by the office manager for all electronically submitted claims that are 10+ days old. Date and claim status notes documented.
- Request a fee increase from PPOs.

Marketing recommendations

- Design an internal marketing program to exceed patient and parent expectations.
- Educate the staff that they are the determining factor in parents choosing to bring their child to the practice. Therefore, their image, customer service and



actions make the difference in patient loyalty and referrals.

- Design an external marketing program to generate referrals: school visits; health fairs; and lunch and learns with pediatricians, GP's and OB's to educate doctors and staff about the importance of having a dental home by age one.
- Implement a system for thanking referrals that is within the state's dental statutes. (Some states prohibit the offer or receipt of a gift or reward for patient referrals.)

Results

- Practice is running like a smart business with a business plan in place and practice goals are understood and monitored routinely. If any practice vital sign is not meeting goal, it is easy to see where attention needs to be focused.
- Production increased 16 percent: \$27,209/month.
- Collection increased 23 percent: \$32,606/month.
- Doctor's daily schedule is more manageable, and she feels less stressed because she is seeing fewer patients due to the block scheduling and collecting more with the improved collection system.
- Office manager has relieved the doctor of staff management duties and is holding staff accountable for job duties and meeting practice goals. Also, she has greatly added to the leadership in the practice in helping staff understand the bigger picture of what they are trying to accomplish through increased communication and more effective meetings.

- The owner doctor elected not to build a new building when she saw the amount of production necessary to support the debt service and increased overhead. With only 10 years of practicing left, it was not a wise idea to take on that kind of debt when she learned that the practice could still grow by working smarter in the existing facility.
- This doctor has peace of mind knowing strong systems are in place, practice growth can be accomplished in the current location and the practice is operating at a higher profitability level.

What you should learn from this

- Have a practice business plan that defines goals specific to your needs and desires.
- Share your vision and goals with staff.
- Monitor goals and practice vital signs.
- Operate with strong front desk systems and skilled front desk staff who fully utilize the practice management software.
- Operate with strong leadership and hold staff accountable. If needed, hire the right person to assist in this capacity.
- Have an on-going internal and external marketing system in place to assure new patient flow of the desired payer mix.
- It's never too late to make changes to your practice and reap the positive results!

“Change brings opportunity”

Nido Qubein

Create Strong Front Desk Systems

- Division of Front Desk Duties for Accountability
- Block Scheduling to Producer Goal
- Collecting 98%+
- Accounts Receivable Management
- Working Recare & Unfinished Treatment Plan Reports
- Phone Skills/Verbal Skills
- Productive Morning Meetings
- Effective Team Meetings
- Find, print & understand practice tracking reports
- Establish appointment policies

Can you afford to lose 5%-10% in productivity every year due to weak front desk systems? Inefficiency and lack of knowledge can easily cost a \$1,000,000 practice \$50,000-\$100,000/yr.

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