

Case Study 3. Mistakes to Avoid in a Young Practice



Practice Profile

- Two-year-old pediatric practice.
- One doctor works three restorative days per week and one hospital dentistry day per week.
- Average number of work days per month for doctor is 15.
- Staffing: Two front desk, no hygienists, three assistants.
- Chairs: Three doctors, two hygiene.
- Average monthly production: \$61,349 consisting of 45 percent UCR, 25 percent PPO and 30 percent Medicaid fees.
- Average monthly collection: \$51,973.
- Collection ratio: 85 percent.
- Average new patients/month: 65.

The last two case studies discussed mistakes to avoid in a mature practice. This issue will discuss mistakes to avoid in a young practice that can reduce profitability: a top heavy payor mix of reduced fee patients, lack of employing a hygienist and minimal marketing actions.

Owner Frustrations

- Having efficient systems in place, especially at the front desk. Did not have a way to evaluate front desk staff performance and the time it should take them to complete their jobs.
- Inefficient scheduling and patient flow. Running late.
- Did not have any business background; felt he made it up as he went. Did not know how to analyze and monitor practice numbers or set realistic goals and make adjustments to reach them.
- Felt the staff lacked understanding of how to work together to create an efficient practice.
- No organized marketing system.

Findings

Leadership

- No business plan in place. Team lacked goals to work toward.
- No practice vital signs monitored.
- Held unproductive morning meetings.
- Team meetings only held every 2-3 months.

Front desk efficiency

- Staff in place who lacked the capacity to perform essential functions of the job. Doctor hired front desk staff without really knowing if they knew how to do the job because he lacked the knowledge of what was supposed to be done or how to do it.
- Small window at check-in which was always closed due to the office's front door opening up to the outside and letting in cool or hot air depending upon the season.
- Check-out desk became backed up with patients.

Scheduling/production

- Did not have daily producer goals for the team to work towards.
- Doctor treated all of the recall patients himself at the expense of not being able to schedule restorative procedures, thus restorative appointments waited several weeks to be seen.
- Length of recall appointments were scheduled according to patient's age. This caused wasted time in the schedule.
- Front desk staff was not proactive in filling openings in the schedule, just "waited for the phone to ring."
- Front desk staff failed to work the Unfinished Treatment Plan report.
- Front desk staff failed to work the Recall Report on a consistent basis.

Collections

- Treatment plan printed and reviewed but not initialed or signed by parent.
- Failed to check insurance claim status before it was 60 days past due.
- Low productivity and collection ratio caused decreased practice profitability.

Marketing

- Minimal external marketing actions.
- Doctor wrote the thank you note to each referral source for all new patients.

Most young doctors sign up as providers on PPO plans and Medicaid to create an immediate cash flow because it's better to make 50 to 80 cents on the dollar in treating these patients rather than making zero because of an empty



schedule. However, young doctors need to avoid being lulled into thinking this high-volume patient base can always provide enough revenue to adequately meet their expenses long term. Many young doctors just keep working harder by seeing more PPO and Medicaid patients to increase their monthly collections to cover expenses. This is not working smarter! The reduced-fee payor mix must be carefully evaluated to see if it adequately covers practice expenses and doctor income. If not, a strong marketing plan to attract full-fee patients can change the payor mix and increase practice collections. Also, young doctors must avoid the trap of being so busy treating this patient population that marketing the practice to attract full-fee patients does not take place.

In the beginning of a new pediatric practice, a doctor does not need the expense of hiring a hygienist or coronal polishing certified assistant to complete the prophys on new and recall patients. The doctor should be completing these procedures until doing the prophys puts too much pressure on their schedule and restorative procedures are booked out three to four weeks. It is at this point the doctor can begin to delegate prophys to auxiliary staff in order to open up more time in the doctor's schedule for restorative procedures. If the patient population is very young and does not require much scaling at recall appointments, then the doctor can start off delegating the recalls to a coronal polishing assistant or hygienist, depending on each state's dental practice act. As the patient population matures and requires more scaling, then a hygienist can be hired to reduce any scaling time the doctor must spend on recall patients, thus creating more time for restorative procedures.

Below are the recommendations and results that brought increased profitability and took this practice to its next level.

Leadership recommendations

- Doctor shares his vision for the practice at a team meeting.
- Doctor learns about the business side of a pediatric dental practice.
- Practice business plan that defines:
 - Break-even point to support the new increased costs.
 - Practice goals:
 - Average number of doctor, hygiene and hospital work days per month.
 - Average daily production for each doctor, hygiene and hospital day.
 - Collection ratio.
 - Average number of new patients per month.
 - Raises fees to a competitive level.
 - Overhead budget and monthly budget amounts for staff that orders front office and dental supplies.
- Monitors practice vital signs and goals.
- Effective morning meetings.
- Monthly team and department meetings.
- Doctor learns about front desk job duties so he can hold the front desk accountable for proper job performance.

Front desk recommendations

- Replace front desk employee with a person who can perform the essential functions of the job and take on additional responsibility.
- Enlarge the check-in window and create an entry vestibule in the reception room to keep the temperature more even so the check-in desk is open and inviting to patients.

Scheduling/production recommendations

- Front desk scheduler must meet a daily production goal for doctor, hygiene and hospital.
- Create a block scheduling template to meet producer goals and give a good flow to the day.
- Hire a hygienist three days per week.
- Past due recall and unfinished treatment plan reports are worked regularly by assigning this task to specific front desk staff member, create uninterrupted time for them to complete this task and have office manager hold them accountable.
- Front desk staff looks forward in schedule or calls from unfinished treatment plan list to fill openings as they occur.
- Recall appointment times are standardized for age groups and new patients.

Collections recommendations

- All accounts receivable worked weekly by office manager.
- Insurance claim status is checked within 14 days of the date of service.
- Statements are sent daily to patients with a remaining balance after insurance has paid.
- Parents asked to sign treatment plan and given a copy.
- PPO reimbursement rates evaluated, lower-paying plans dropped and an age limit of five and under placed on new Medicaid patients to change the practice payor mix.

Marketing recommendations

- Implement a strong external marketing program to generate referrals; school visits, health fairs, lunch and learns with pediatricians, GP's and OB's to educate doctors and their staff about the importance of having a dental home by age one.
- Doctor delegates the writing of thank you notes to referral sources to a staff member.

Results

- Production increased 15 percent, an additional \$9,331 per month.
- Collection increased 19 percent, an additional \$9,811 per month.
- Collections ratio increased to 87 percent.
- Office manager helps doctor hold staff accountable for meeting practice goals.
- Team is working as a cohesive unit focused on the same goals.
- Increased practice profitability.



What you should learn from this

- Share your vision and goals with staff.
- Have a practice business plan that defines goals specific to your practice needs.
- Monitor producer goals daily and practice vital signs monthly. Discuss with staff.
- Carefully evaluate what procedures the doctor can delegate to auxiliary staff in order to enable the doctor to see restorative patients in a timely manner. It is more productive for a doctor to be doing restorative procedures than recall procedures.
- Collections can be increased by utilizing a hygienist for recall patients to create scheduling efficiency and changing the payor mix by marketing for more full-fee patients.
- If a doctor does not fully understand what duties should be performed at the front desk and a general idea of how to do them, hire a practice management consultant to evaluate front desk staff and systems and teach the staff and doctor how to best perform these duties.
- When young practices hit a monthly production of between \$50K to \$75K it is time to carefully evaluate front desk systems, productivity, job duties, payor mix and marketing. At this benchmark additional production potential can be missed if the topics discussed in this article are not adjusted for more efficiency. However, if the right changes are made to work smarter, profitability can be dramatically increased.

“Business, more than any other occupation, is a continual dealing with the future; it is a continual calculation, an instinctive exercise in foresight.”

– Henry R. Luce

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