

Case Study #5



In today's economic environment, efficiency in running a practice must be a high priority because profit margins are continuing to shrink due to decreased insurance reimbursement and available fee-for-service patients. This practice demonstrates the classic case of a doctor with a strong work ethic thinking if she only worked harder it would get her ahead, instead it got her exhausted and burned out.

Practice Profile

- 12-year-old, one-doctor pediatric practice she started from scratch. (Doctor practiced general dentistry for 14 years before specializing in pediatric dentistry)
- Chairs: 3 doctors, 2 recall.
- Staffing: 3.5 front desk, 0 hygienist, 3.5 assistants.
- Doctor works 5 restorative days/week and performs hospital dentistry 1-2 days/month.
- Doctor works average of 17 days/month.
- Average monthly production \$103,500 that consists of 50 percent Fee for Service & PPO and 50 percent Medicaid fees.
- Average monthly collection \$83,800. Collection ratio 81 percent. All fees are charged out at UCR, then adjustments are made after insurance payment received.
- Average new patients per month: 45.

Owner Frustrations

- Working five clinical days per week and worries about cash flow when out for CE and vacation.
- Inefficient systems and facility. Practice needed an extreme makeover.
- Doctor wanted to increase practice productivity and hire an associate doctor so that she could cut back to four days per week, be covered on vacation and eventually sell the practice.
- Not enough saved for retirement. Needed to increase savings dramatically since she was in her mid 50s.
- Doctor wanted to be a stronger leader.

Findings

Leadership

- Doctor had not shared her practice vision with the team.
- No business plan in place. Team does not have goals to work toward.
- No practice vital signs monitored.
- No office manager in place.
- Doctor is conflict avoidant and does not address issues in a timely manner. Employees not held accountable.
- Doctor does not do annual performance reviews.
- No written job descriptions.
- No morning meeting is held. Monthly team meetings held only 2-3 times per year.

Facility/Presentation

- Out-of-date in appearance. Furniture and equipment look worn out.
- Reception room too small, overflow parents and patients sit on benches in the hallway.
- Clinical staff wore full length, paper gowns over scrubs. Looks sloppy because the gowns are too big on the staff. Front desk staff wore scrubs.
- Practice was not using digital radiography.

Front Desk Efficiency

- Only one front desk person covering both check-in and check-out stations. Another front desk staff member sat in a private office next to the front desk and the third sat in a private office far away.
- Only one check out desk that got backed up with patients.
- Outdated dental software program being used.
- Did not have a strong no-show or short notice cancellation policy in place and enforced. Patients rescheduled and re-failed their appointments multiple times.

Scheduling and Production

- No block scheduling used.
- No daily producer goals (doctor and hygienist) used for scheduling accountability.
- Schedule ran behind because all appointments, (restorative and recall), were scheduled for 20 minutes.
- Only next appointment is entered into the computer of the patient's treatment plan.
- Doctor performing all prophys. No hygienist on team and only one assistant is coronal polishing certified, but not being fully utilized.
- Restorative and recall schedules booked out two plus months.
- Doctor reviewing only restorative charts the day before. Recall charts not reviewed.

Collections

- Fees not at a competitive rate, low for the area.
- Past due accounts never transferred to a collection agency and removed from Accounts Receivable.
- Financial phone call notes made in paper chart, not patient's file in the computer.



Marketing

- Minimal external marketing actions in place.
- Outdated logo and printed material.
- No practice website.
- Thank you note sent to parents that referred new patients.

This practice needed a major overhaul of its systems and facility. No wonder this doctor felt exhausted: she did all of the restorative and recall procedures, sometimes being scheduled in five to six columns at once. The doctor needed to become a better leader and start running the practice like a real business with a business plan, goals, budget, team meetings, staff accountability, updated front desk systems and practice management software. This doctor also needed a major lesson in delegation, learning what she could delegate and how to concentrate her efforts only on the most productive activities for her to do.

Below are the implemented recommendations and results that brought this doctor relief and achieved her goals when she began to work smarter instead of harder.

Leadership Recommendations

- Doctor shared her vision for the practice with the team.
- Practice business plan was created that defined:
 - Break-even point to identify the collection level required to support overhead expenses, doctor income and retirement savings.
 - Practice goals to support the break-even collection total:
 - Average number of doctor, hygiene and hospital work days per month
 - Average daily production for doctor, hygiene and hospital
 - Collection ratio
 - Average number of new patients per month.
 - Fees at competitive level.
 - Overhead budget and monthly budget amounts for staff that orders front office and dental supplies.
- Monitoring of practice vital signs and goals.
- Promoted current employee to position of office manager.
- Doctor began addressing practice issues in a timely manner and holding employees accountable to meet defined job descriptions and practice goals.
- Annual performance reviews performed.
- Morning, monthly team and quarterly departmental (op, recall, front desk) meetings took place.

Facility and Presentation

- Practice relocated to a larger space in the same building. This accomplished a bigger reception room, additional chairs to accommodate more patients for the associate doctor, more efficient layout for clinical and front desk functions and a more up to date décor.

- Ordered new scrubs with the new logo embroidered on the jacket to give staff a more professional look. Front desk staff wears polo shirts with embroidered logo for a more business look and to differentiate from the clinical staff.
- Digital radiography equipment purchased for better efficiency.

Front Desk Recommendations

- New dental software purchased to provide a more efficient and effective tool for the front desk staff and better practice management reports for the doctor.
- Front desk staff received training to utilize the dental software.
- Second check out station set up. Had two front desk staff at all times in the check-in and check-out position.
- Created a strong no-show or short notice cancellation policy to reduce failed appointments.

Scheduling and Production Recommendations

- Schedulers given daily doctor, recall and hospital production goals to meet.
- Block scheduling template created to meet producer goals and give a good flow to the day. Operative appointments scheduled for either 50 or 30 minutes depending on the amount of work and child's behavior to help the schedule to run on time.
- Hygienist hired to relieve doctor of having to do all of the prophys. Additional assistant hired to help with recall and two of the assistants received their coronal polishing certification. This dramatically increased the recall productivity.
- Associate doctor hired to work Fridays and when doctor is out for CE and vacation to keep the cash flow consistent.
- Full treatment plan entered into the patient's record in the computer to keep track of diagnosed treatment not completed.
- Specific staff members assigned to work the past due Recall and Unfinished Treatment Plan reports weekly during uninterrupted time created for them to complete this task. The office manager held them accountable.
- Both operative and recall patient charts reviewed for medical alerts and needed radiographs by two assistants the day before, no longer by the doctor.

Collections Recommendations

- Fees increased to a competitive level.
- A pre-collect service and collection service hired to collect old balances and balances were removed from the Accounts Receivable.
- Financial phone call notes made in the patient's computer file to be more easily accessible.



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Marketing Recommendations

- New logo and branding created.
- Practice printed material updated with more current information, look and logo.
- Website created with good search engine optimization.
- Facebook page created and staff member appointed to regularly review and update information.
- Practice mascots, Tooth Fairy and Tooth, created to give presentations to school and daycare children and attend community events and health fairs.
- Lunch and learns with pediatricians, general practitioners, and obstetricians to educate doctors and staff about the importance of having a Dental Home by age one.
- Regularly visit professional referral sources to supply more educational material for their patients on preventive care and the importance of a Dental Home.

Results

- Production increased 22 percent by an additional \$23,819 per month.
- Collection increased 18 percent by an additional \$18,108 per month.
- Average new patients per month increased 35 percent to 61 per month.
- Retirement savings increased.
- Practice presented a more professional and current image that more adequately reflected the quality of the dentistry performed.

- The extreme makeover makes the practice more saleable and increased its value.
- Office manager helps owner doctor hold staff accountable for meeting practice goals.
- The doctor is having more fun doing pediatric dentistry in a modern, efficient facility with strong systems and a strong team that supports her vision.
- Doctor has peace of mind knowing there is a business plan in place and practice vital signs are monitored regularly to ensure the practice's cash flow needs, doctor salary and retirement goals are met.

What You Should Learn From This

- Run your practice like a business with a business plan that defines goals.
- Share your vision with staff.
- Monitor goals and practice vital signs.
- Strong and efficient systems and up to date facility lead to increased production, collection and practice value.
- Can better attract an associate doctor when practice is performing well.
- Can better attract new patients when facility is efficient and attractive.
- A doctor should only perform procedures that no one else can do to maximize efficiency and profitability.
- Productivity increases when good leadership, systems, meetings, accountability, and marketing are in place.

“You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete.”


~ Richard Buckminster Fuller

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a million dollar practice \$100,000K - \$170,000K+/yr.

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