

# Case Study # 7: Updating a Practice After a Doctor Buy-in.



This is a classic case study of a younger doctor buying into a practice of an older doctor who had not updated the practice's facility and systems through the years and appropriate leadership was lacking.

## Practice Profile

- A two-doctor pediatric practice was started 40-plus years ago by doctor A. In 2012, after two years as an associate, doctor B became an owner.
- Eight chairs.
- Staffing: Four front desk workers, four assistants, five hygienists.
- Each doctor works four days per week and two hospital days per month.
- Payor mix: 30 percent fee for service, 70 percent Medicaid.
- Practice does not participate in any PPOs.
- Practice does not accept assignment from insurance companies.
- Average monthly production: \$168,929.
- Fees are charged out at full fee except Medicaid is charged out at Medicaid fee.
- Average monthly collection: \$167,357.
- Average new patient's: 96 per month.
- Staff accountability was strongly lacking.

## Owner Frustrations

- Accounts receivable too high.
- Too many broken appointments, and the schedule was not kept full.
- The facility which was in poor shape.
- Low new patients and infant exams. Need to increase internal and external marketing for new patients.
- Poor staff and doctor morale.

## Findings

### Leadership

- Doctor A wants to let doctor B take the practice in a new direction but has difficulty letting go. Doctor B has difficulty asserting his authority.
- Hygienist were scheduling staff vacation time and OR.
- Hygienists assisted in the OR and did ortho evaluations that could be done by an assistant.
- Doctors had not shared their practice vision with the team.
- No business plan in place.
- Team does not have production goals to work toward.
- No practice vital signs monitored.

- No office manager in place.
- Both doctors are conflict avoidant and do not address staff performance issues in a timely manner.
- Doctors do not do annual performance reviews.
- No written job descriptions.
- Monthly team meetings held but ineffective because there is no accountability for follow through on decisions made.

### Team Dynamics

- The team was fragmented and morale was very low because:
  - The hygienists were allowed to reorganize their schedule at will and this upset the assistants.
  - Paid vacation benefits were not followed equally. Favored staff received more.

### Facility/Presentation

- Badly out of date in appearance. Furniture and equipment looked worn out.
- Facility was poorly laid out. Reception area was too small and parents were often standing.
- Hallway from reception area to clinical area was very narrow and often congested as patients were checking in and out.

### Front Desk Efficiency

- Front desk area was congested and extremely small. The desk was designed to seat two people and four were crammed into this space.
- Telephones rang nonstop and staff was unable to keep up with incoming calls while checking patients in and out.

### Scheduling/Production

- No block scheduling.
- No daily producer goals (doctor and hygienist) used for scheduling accountability.
- Morning meeting was ineffective.
- Did not have a no-show or short notice cancellation policy.
- Patients allowed to miss and reschedule their appointments multiple times.
- Schedule ran behind due to poor scheduling and congestion with check-in/out.



- Restorative appointments booked out two-plus months.
- All recare patients booked for 60 minutes.
- Full treatment plans were not entered into the patient's electronic chart.

### *Collections*

- Fee-for-service patients were required to pay for their services in full and wait for reimbursement from their insurance company.
- Accounts Receivable (AR) was \$300,196. Almost twice monthly production, and it should not be higher than the average monthly production.
- \$136,049 of the AR was over 60-days-old. This is 45.32 percent of AR. 60-plus days AR and it should not be higher than 18-24 percent.
- Past due accounts were never transferred to a collection agency and removed from AR.
- Financial coordinator was not collecting overdue accounts, yet somehow had convinced doctor A that she worked extremely hard. Doctor B was aware of her poor performance but was unable to convince doctor A that the financial coordinator should be replaced.
- Electronic claim processing and electronic statements were not utilized.

### *Marketing*

- Outdated logo, website and printed material.
- Minimal external marketing actions in place except for a television ad. No tracking of the results.
- Did not have referring relationships with pediatricians.
- Staff was not trained to ask for referrals.
- Social media was not being updated.

This practice needed a major overhaul of its leadership, systems and facility to bring the practice up to current operating standards and its production potential. The doctors needed to become better leaders, become united in their practice vision and start running the practice like a real business with a business plan, effective team meetings, staff accountability and updated front desk systems. Below are the recommendations and results that brought these doctors relief and achieved their goals.

### *Leadership Recommendations*

- Doctors must become united in their practice vision and share their vision for the practice with the team.
- Hire an office manager.
- Doctors and office manager must hold employees accountable, in a timely manner for proper job performance.

- 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 work days/month for doctor, hygiene, hospital.
    - Average daily production for doctor, hygiene and hospital.
    - Collection ratio.
    - Average number of new patients/month.
  - Fees at competitive level.
  - Overhead budget and monthly budget amounts for staff that orders front office and dental supplies.
    - Monitor practice vital signs and goals.
    - Hold annual performance reviews.
    - Hold morning meetings, monthly team and quarterly department (operative, recare, front desk) using an action plan form to follow up on changes discussed.
    - Reorganize job duties of the front desk team and assigned accountability.
    - Create job descriptions and discuss with each staff member.

### *Front Desk Recommendations*

- Train the front desk staff on the proper setup of insurance plans, coverage tables and payment tables in the dental software to help improve collections.
- Convert office space down the hall to a call center to handle all incoming calls by two front desk staff with the office manager as a back-up during busy times. Created a strong no-show and short notice cancellation policy to reduce failed appointments.

### *Collections Recommendations*

- Have the office manager take over the collection/insurance systems.
- Only collect deductibles and copayments at the time of service and accept assignment of benefits from the insurance company instead of requiring full payment from patients. This will remove the financial barrier of requiring insurance patients to pay in full and wait for reimbursement.
- Participate with a select few PPO's to expand patient base.
- Hire a pre-collect service and collection service to collect old balances and remove balances from the accounts receivable.
- Make financial phone call notes in the patient's computer file so they can be more readily accessible.
- Implement electronic claim processing and electronic statements.



- Train front desk staff to set up the insurance company coverage tables and payment tables in the dental software so the patient portion estimates were accurate.

### Marketing Recommendations

- Create a new logo and branding that would look more up to date.
- Update printed material with more current information, look and logo.
- Create a website with good search engine optimization.
- Create a Facebook page and appoint a staff member to regularly review and update information.
- Create a mascot to give school/daycare presentations and attend community events/health fairs.
- Regularly visit professional referral sources to supply more educational material for their patients on preventive care and the importance of having a dental home by age one.
- Train team on verbal skills to let families know that the practice is always welcoming new patients.

### Results

- Production increased 14 percent by an additional \$26,488 per month.
- Collections increased 21 percent by an additional \$36,032 per month.
- The AR was reduced by 54 percent to a healthy \$137,000 with only 21 percent over 60 days.

- Average new patients/month increased 15 percent to 110 per month.
- The office manager was able to negotiate for reimbursement of 80 to 90 percent of their practice fees with a few select PPOs.
- The practice is still in need of a major physical renovation and the doctors are currently evaluating the options for expansion or relocation.
- The phones are now answered consistently and the chaos at the front desk has been reduced. The four front desk staff rotate between front desk duties and the call center so everyone is cross-trained.

### What You Should Learn From This

- Do not let your production and collection suffer because of inadequately performing staff and poor scheduling. This could cost you thousands of dollars each month as in the case of this practice.
- Run your practice like a business with a business plan that defines goals and monitors goals.
- Hold staff accountable for proper job performance in a timely manner.
- Partner doctors must be united in their practice vision and staff management.
- Productivity increases when good leadership, systems and meetings are in place.

**“Progress is impossible without change, and those who cannot change their minds cannot change anything.”**

~ George Bernard Shaw

## Create Strong Front Desk Systems

<ul style="list-style-type: none"> <li>• Division of Front Desk Duties for Accountability</li> <li>• Block Scheduling to Producer Goal</li> <li>• Collecting 98%+</li> <li>• Accounts Receivable Management</li> <li>• Working Recare &amp; Unfinished Treatment Plan Reports</li> </ul>	<ul style="list-style-type: none"> <li>• Phone Skills/Verbal Skills</li> <li>• Productive Morning Meetings</li> <li>• Effective Team Meetings</li> <li>• Find, print &amp; understand practice tracking reports</li> <li>• Establish appointment policies</li> </ul>
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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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