



### Financial Arrangements: Put Your Best Word Forward in Fee Discussions

A financial coordinator for a pediatric dental practice said, "Parents are really nice in our practice – until we ask them for money. Why do some parents get so disagreeable about paying for their children's care?" Financial discussions definitely pose communication difficulties for many pediatric practices.

Parents ask themselves three questions about paying for dental care. First, is it clear? If parents do not understand treatment fees or financial policies, they are unlikely to cooperate. Second, is it fair? Parents want to know if they are paying an equitable price for what they receive, whether they are buying a car, computer or porcelain crown. Third, it is worth it? Parents are concerned not just about the amount of the fee, but whether the fee represents a wise investment. Will their child receive services equal in value to the money spent? This issue of *PMM News* gives practical tips for managing these top three cost concerns of parents – clarity, fairness and value – and thus, will help make your financial discussions more effective.

#### Is it Clear? Improve the Clarity of Your Financial Arrangements

The most important aspect of successful fee communication is to inform as you perform. When parents know about fees and payment policies in advance – rather than finding out too late to consider them in treatment decisions – they will be more comfortable with treatment costs. Put your treatment plans in writing with a fee noted for each service, instead of just a total amount for all services. Provide a financial policy statement as a part of your case presentation materials. You might also list a brief version of your financial policies in your practice brochure or on your Web site. The sample

financial policy statements below will serve as a guide to writing your own payment procedures.

#### Sample Financial Policy Statements

- We expect payment for the dental services to our new patients at the time of the visit, regardless of dental benefits coverage.
- This practice accepts the following two major credit cards:
- For our families with insurance coverage, our business manager will be happy to review your dental benefits coverage with you. Some procedures your child needs may not be covered by your plan, or a deductible or a co-payment may be required.
- We will be pleased to assist in filing a pre-treatment estimate with your dental insurance company. Payment of the deductible and 50 percent of the co-payment is required at the start of treatment. Any balance will be due on completion of the treatment.
- Your level of insurance coverage is determined by the policy your employer selects. If you think your coverage is insufficient, you may wish to address this with your employer.
- For our patients without dental insurance, we require 50 percent of the total fee at the start of treatment. The balance will be due on a 60-day payment schedule.
- Finance charges are added to accounts every 30 days at 1.5 percent of the unpaid balance.

#### Is it Fair? Establish the Equity of Your Fees

Why do parents get upset when an insurance company tells them your fees are not "usual, reasonable

and customary”? Because it sounds as if your fees are not fair. Why do some parents call around to compare prices? Not only to get a bargain, but to discover whether a dental fee is equitable. Parents are concerned not just about the amount of a fee, but the fairness of it. Here are some tips for building parent trust in the fairness of your fees.

**Communicate equity.** One way parents decide if a financial policy is fair is whether it applies to everyone. That is why you put your financial policies in writing; it demonstrates that you treat all families the same way (and thus equitably) in money matters. It is also why your financial coordinator uses inclusive language in fee discussions. For example, suppose a parent calls to make a new patient appointment. Instead of saying, “You will need to pay for the visit when you come in,” your receptionist should say, “We expect payment at the time of the visit for dental care to all of our new patients.” The statement “all of our new patients” lets parents know that they are not being singled out for an unusual (and thus unfair) approach to fees.

**Separate the treatment and payment discussions.** Typically, the pediatric dentist provides a complete explanation of recommended treatment – then refers the parent to the financial coordinator for the practice, who explains the fees for treatment, reviews financial policies and offers a choice of payment options. This two-person approach goes beyond efficiency for the practice. It also creates an image of fee fairness for parents. With this approach, a parent is more likely to say, “My child needs the treatment,” instead of, “The doctor needs the business.”

**Keep an open door on communication.** Nothing damages parent trust in fee fairness more quickly than a perception of limiting access to price information. Although you need not encourage parents to compare prices with other offices, do not criticize them for gathering fee information on their own.

### Is it Worth it? Communicate the Value of Treatment

When parents say, “The treatment costs too much,” what they may mean is, “The price seems too high for what my child will receive.” The issue is not cost, but cost compared to the value of the treatment from the parent’s perspective. Here are three ways to enhance the perceived worth of treatment in comparison with fees.

**Emphasize the seriousness of the dental condition.** If parents are not convinced that their child really needs treatment, they will not be convinced that the treatment represents a good value. The clinical staff sets the stage for easier financial

discussions by making such statements as, “Did you have the opportunity to see Courtney’s X-rays? Good. Then you could see that the tooth is at risk, and it is important to protect your daughter from possible infection and discomfort in the future.”

**Compare the costs with the benefits of treatment.** To be persuasive in fee discussions, your financial coordinator must be ready to tell parents what their child will receive in exchange for their money. Discuss what the dental treatment will mean to the child’s quality of life in terms of function, appearance and good health.

**Describe how the treatment will save money in the future.** One of the most persuasive advantages of dentistry is that virtually every service is designed to reduce dental costs in the long-run. For example, “What we know about cavities is that they do not get better, they only get worse. Brian will need more extensive treatment later if this condition is not taken care of. The sooner he has the treatment, the more comfortable and affordable it will be.”

### Financial Discussions: Lead Parents to Payment

Financial coordinators can make fee discussions clear and concise by following a three-step outline. In the first step, the coordinator explains the fees for treatment, walking the parent through each dental service and its corresponding fee, answering questions in the process. In the second step, the business manager reviews the financial policies of the practice and offers a choice of payment options. (The financial options are described below, listed in order of preference by most dental offices.) In the third step, the financial coordinator documents the discussion. For example, “I will note the financial arrangements that work best for you on this sheet. All I need is your signature to authorize it, and then I will make you a copy for your files.”

**Payment in full at the start of treatment.** In many pediatric dental practices, payment in full at the start of treatment with cash or a check earns a courtesy reduction of five percent. In cases of orthodontic treatment, some practices offer a seven percent courtesy reduction.

**Payment by the appointment.** The parent makes a total payment of the fee for each visit. Or, the total fee is equally divided by the number of appointments. This approach offers the advantages of reducing your bookkeeping expenses, but you should note that it has the disadvantage of encouraging cancellations and no shows.

**Major credit cards.** Virtually every pediatric dental office accepts one or more credit cards, the

most popular being Visa and MasterCard, followed by American Express and Discover. Although credit cards offer parents great convenience, they typically charge your practice up to five percent in fees.

**Insurance on assignment.** Many pediatric dentists expect full patient copayment at the start of treatment from insured patients – or 50 percent of copayment at start and 50 percent at close of treatment. (You may request a pre-treatment estimate from the insurance company, or use your office software system to estimate the benefits coverage and copayment amount.)

**Post-dated checks.** A few practices accept post-dated checks from parents in three equal payments. The first third is due at the time of treatment, the next third in 30 days, and the last is due in 60 days. Dental consultant Cathy Jameson<sup>1</sup> notes that 95 to 98 percent of post-dated checks clear, but she advises to check the legality of this approach in your state.

**Health care financing program.** A health care financing program allows you to offer long-term financing to patient families without carrying the debt in your practice. Typically, the parent fills out the application in your office, the business manager faxes the application to the program, and the parent is informed promptly if they have received a line of credit. Although health care financing programs vary, most charge between five to 18 percent for their services.

**Loan from bank or credit union.** Parents can be encouraged to make arrangements with a bank or credit union to cover the cost of care. Since they would then pay for care in full at the start of treatment, your practice could extend the five percent discount to help parents with the loan interest.

**Payment schedules.** Many practices require a 50 percent payment of total fee at the start of treatment with the remainder paid in 30 or 60 days. For emergency patients, you may request a flat fee or 25 to 50 percent of the total fee at the start of treatment, with the balance to be paid on a 60-day payment schedule. Finance charges are typically added to accounts at a set percentage of the unpaid balance.

Clear communication from your front office staff will demonstrate to parents that your financial arrangements are fair, fees are reasonable, and your treatment is a valuable investment. As a result, you will see an increase in treatment acceptance, a decrease in staff stress, and better balance in your books. In our next issue, we will cover “Great Responses to Financial Objections”.

## References

1. Jameson, C. Collect what you produce. Tulsa, Oklahoma: Penwell Publishing Company, 1996.



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