

# ADVANCED

November 2017  
Exclusively to Clients and Friends  
of Advanced Practice Management

## BULLETIN

### DENTAL DOW: Third Quarter 2017

**Practice Production** was up **6.1%** and **Collections** were up **4.2%** for the mature area practices sampled. This is a stronger showing through the third quarter than last year where practice production and collections were up 4.1% and 3.4%, respectively.

The Production growth continues to be helped by a 2.2% increase in total Patient Flow with new patients up about 3%. The Production per Patient Exam was also up about 4.3%. We are seeing solid increases in Crown & Bridge with it being up 9.8%.

As you all know, not all of that Production gets to the bank! Collections continue to slip with the Collections Percentage this year being 83%, down another point or so. PPOs continue to dig in.

### PRACTICE PROFITABILITY: Right Sizing Your Administrative Staff



*Bill Rossi*

As a Doctor, deciding when to add or cut back on hygiene or assistant staff is a relatively easy decision. You're working right alongside your assistants and can tell if they are able to keep up or not. Likewise, it's pretty easy to look in the hygiene schedule and know if you should have more hygiene time (although that's a whole other subject in itself).

### **What's Inside:**

- Dental Dow: Third Quarter 2017
- Practice Profitability: Right Sizing Your Staff
- We Love Digital Communications But...
- 2017 Survey Results
- A Second Look at Delta 216
- Fabulous Study Club Meetings!
- What's the Difference Between an Office Manager and an Administrator?

How do you know if your administrative staff is **under performing** or **over worked**? How do you "right size" your administrative support to fit your practice production and patient flow?

We did a study of a representative selection of 38 of our client practices. This information gives us a statistical frame of reference by which to make staff sizing decisions. No practices that we work with are "aspiring to be average," but averages can help you frame a decision.

So, how much total dental office production can the average full time administrative staff person support? What can more efficient staff members support (the 75<sup>th</sup> percentile). What's the top end (95<sup>th</sup> percentile)?

	Average	75 <sup>th</sup> % tile	95 <sup>th</sup> % tile
Total Practice Production/ Administrative hours worked	\$439	\$550	\$754
Practice Exams/ Administrative hours worked	.86	1	1.45



## **We Believe In You!**

We believe that Independent Private Practice is the best way to deliver dentistry. It is best for the patients, the doctors and the staff. Private practices can be more selective with their continuing education and technology. They can also be more adaptable and efficient. **Most importantly, the people who make decisions about patients' dental care are the ones in direct contact with them.** We also believe that professional management support helps **good practices be better** and thrive in a competitive environment.

**As a rule of thumb, the average front desk person can support about \$60,000 per month in dental office production.** However, a more productive than average front desk person can support about **\$75,000/mo.** in production. The top end is around \$100,000.

You have to be careful with these statistics though. Having just one front desk person support \$100,000/mo. might seem very efficient, but there may be “opportunity costs” of phone calls not made, patients not scheduled, phones not answered, insurance not processed that “cost” far more than an additional administrator.

If you’re producing \$100,000 per month and you have just one full time front desk person, and if she says she’s overworked, chances are she’s right! Another problem is that sometimes good front desk people are pretty territorial. They don’t want to tell you they aren’t able to keep up with everything because they basically don’t want anyone else around who “doesn’t do things as well as they do.” The problem here is that a practice should not be limited by the capacity of its office administrator, no matter how competent they are. I’ve seen this type of situation many times. The front desk person can be conscientious to a fault and it can cost the practice.

One of my favorite quotes is from the venerable management guru Peter Drucker, “...*costs are not controllable as costs at all. They are controlled through the concentration of resources on opportunities. They require result control rather than cost control.*” So, for example if you have a front desk person supporting \$100,000 per month production in your practice, great! But, you must ask them and yourself: Are there more people to call than you have time to call? Are you able to keep up with the phones? Does anyone else in the office know where everything is? (If a front desk person is on vacation or quits, you don’t necessarily want to have to close the office – you need a “bench.”)

Generally speaking, gross staff wages as a percentage of collections in dental practices average about 26% (this does not include benefits, employer FICA - just gross wages). The administrative staff’s part of that is usually about 6%-8%. However, instead of focusing on keeping that percentage small *per se* when making decisions about adding staff time, I always bring it back to this;

“For every \$1,000 we pay for an additional

administrative person, can we get at least **four times** that in revenue?”

So, for example if you hire a front desk person and you are therefore able to schedule five more recall visits per week, that will on average bring in at least \$2,000 per week of additional production.\*

Would this person help you cover phones during lunch hours? Our research shows that not answering phones during lunch hours costs the average solo practitioner about four new patients per month. Would more collections calls get made? Would more treatment follow up calls be worthwhile?

So, you can see, if you spend an extra \$1,000 and get an extra \$4,000 back in production, not only is your practice growing, but you make much more than if you try to “save” money by not adding front desk time. That’s “Result Control.”

Let’s look at another perspective:

**Patient Flow:** We often use patient exams as a measurement of patient flow in a dental practice. All treatment derives from the exams and they are a reliable indicator of practice activity and growth.

Another finding from our study is that administrative time matches up pretty much with the amount of hygiene time you have. **Another way to put it is; a practice with one full time hygienist requires about one full time administrator for support.**

So, the addition of front desk and hygiene time sort of go hand in hand. Generally, you can’t maximize the profitability of one without the other.

Now flip this. If you’re trying to grow, you might need more front desk people to fill the hygiene time so you can add hygiene people! It can be a chicken or egg situation.

Let’s not forget the advantage of having additional front desk hours to be able to expand office hours and therefore, be more available to patients. There is no question that practices with expanded hours do better. Research we’ve previously discussed indicated that having at least five post 5’ clock hours per week can significantly add to new patient flow.

*\*The average practice produces about \$500 per exam patient scheduled (this includes hygienist production plus doctor production).*

None of these statistics should ever be used to beat your staff over the head! They are just meant to be windows that you can look through to sensibly approach these types of decisions.



## WE LOVE DIGITAL COMMUNICATIONS BUT...

We've seen add-on software such as Lighthouse, RevenueWell, Solution Reach, etc. work wonders in a practice. It can be a great assistance, especially in a larger practice, for confirmations and to support Continuing Care, treatment follow up, etc.

However, we've seen several situations where there was an over-reliance on digital communications. Your team still needs to get on the phones! We feel that the digital communications companies sometimes exaggerate the effectiveness of digital communications only. Postcards still have some value and phone calls certainly have value!

## 2017 SURVEY RESULTS:

### DIGITAL COMMUNICATION:

Do you use Digital Communications Software?

**Yes - 55%**

<u>Market Leaders:</u>	<u>Rating</u> (out of 10)
Lighthouse – 35%	8.5
RevenueWell – 35%	8.1
Solution Reach – 18%	7.8

For years we recommended contacting people 3, 6, 9, etc. months past due with a postcard, follow up call and so on. Now, we add in digital communications and may vary the pattern, but the key thing is that this is a pattern. E-mails, texts, postcards and calls must go out in a coordinated fashion. The phone calls are still what fill the schedule!

So, bottom line: Use digital communications but it should not be used to replace human contact, it should be used to augment it!

## AREA ECONOMIC TRENDS:

- **Metro area Fees** were up **2.6%** and **Outstate area Fees** were up just **.8%**. This is the lowest percentage increase in years.
- **Wages** in the **Metro** area for experienced staff (8+ years) were up 2.74% for all positions. However, **LDA Wages** were up nearly 5%. LDAs are in high demand in our marketplace.
- **Wages in Outstate Minnesota** were up 3%. Here, it was the **Administrative Staff** that had the greatest increase (5.3%). **LDA Wages** were up 2%.
- Dentists' major concern by far is **“PPO/Insurance Discounts and Involvement.”**

Most Doctors in our area are writing off close to **20%** of their production every month. Yet, only **3%** of respondents said they plan on dropping a PPO in the coming year???

- 62% of respondents said they are or have used a Management Consultant. Advanced Practice Management earned the highest satisfaction rating (8.8 out of 10) and has a market share more than double all other cited firms combined ☺.

## A SECOND LOOK AT DELTA 216:



*Shelly Ryan*

For years, many dentists were not fond of 216. Sure, there were great patients on the plan (like teachers) but the reimbursement rate was bad plus, to participate, you had to take on Medical Assistance until it was 10% of your practice. Double whammy.

Well, Delta 216 has changed - they currently pay almost as well as Delta Premier (and, better than Delta PPO on most procedures). If you haven't taken a second look at Delta 216, we suggest that you do. But, you want to sign a new contract because you might otherwise be stuck in older 216 fees.

Moreover, participation with 216 (Minnesota State Employees) does not require that you take Medical Assistance patients (that old “Rule 101”). It just hasn't and isn't being enforced.

You know it goes against our grain to recommend any PPO type program but some are better than others. It's a matter of the right balance for your practice.

## STUDY CLUB

### FABULOUS STUDY CLUBS!

You name the topic and we can wax brilliantly! Shelly Ryan can fire up any staff on the team approach to keeping the schedule full and the department running smoothly! Bill know a thing or two about PPO Plays. Matt Lahn can talk Transitions. You name it, we can talk about it. Think of us for your next Study Club.

### WHAT'S THE DIFFERENCE BETWEEN AN OFFICE MANAGER AND AN ADMINISTRATOR?



Heidi Benson

Unfortunately, in Dentistry, we've named people after furniture, "Front Desk Person." Your office administrators are a key part of the success of your practice.

What is the difference between a great front desk person and an office manager?

Someone could be good at greeting patients, filling the schedule and overall keeping organized but still not have the vision they need to keep the entire team focused and on task; that the checklists are done, that the calls are made, the marketing is paid attention to, the cases are presented, the flow is right.

I've had many dentists over the years tell me that they really want a good office manager that handles all of the stuff that they don't want to deal with; staff conflicts, staff vacation times, the countless minutia in general.

Between the doctor being busy focusing on patients and the "front desk person" being focused on the day to day, they lose sight of the big picture keeping everyone on track and accountable – the strategic things that can really advance the practice. Good Office Managers aren't cheap though - \$50,000 and up.

Corporate Dental practices have full time professional managers. To meet the needs of Independent Dentists in general we are focusing more on "Management Support" and less on consulting *per se*. In this way, our clients that want more "office manager" type management support can get it. Just ask.

## UPCOMING MEETINGS:

### THE YANKEE DENTAL CONFERENCE IN BOSTON!

Bill Rossi presents "PPO Plays"

January 24-28, 2018

Boston Convention & Exhibition Center

<http://www.yankeedental.com> for more info



### THE MCGILL & HILL GROUP IN ARUBA!

Bill Rossi presents "The Top Ten Things You Need to Know About PPOs"

January 15-20, 2018

Aruba, Palm Beach

Aruba Marriott Resort & Stellaris Casino

<https://www.mcgillhillgroup.com> for more info



Have a happy and safe Holiday Season!



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