



# Cutting out the PPOs

March 1, 2001

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**by Bill Rossi**

Ending your affiliation with PPOs doesn't have to shortchange practice growth, but handling it poorly can be a killer!



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I'm from Minnesota, the land of ice, snow, and PPOs. Over 40 percent of dentists here are involved in some type of PPO. More than 90 percent are participating providers with Delta Dental of Minnesota, which for all practical purposes is a PPO.

Over the years, I've helped many doctors end their PPO participation. It's not a decision that should be made lightly. I'm a pragmatist, not a purist. In some situations, joining or continuing to participate in a PPO makes sense.

The case histories that follow illustrate points that I feel are important considerations for dentists thinking about ending their participation with PPOs and/or Delta. The names of the doctors are fictitious to protect the confidentiality of the actual doctors involved.

## Case History No. 1: Burning too many bridges

Dr. True Believer saw a prominent, national lecturer who advised all the dentists in the audience to drop Delta, not accept insurance assignments, raise their fees, and stop doing amalgams. Unlike most people who attend a lecture and get pumped up by a speaker, this doctor actually went back to his office and did everything that was suggested. Bang! At first, things were great. "The next year was my best year ever!" he recalls. However, two years later, I got a call from this doctor.

The doctor's production was fading fast. His active patient count (once greater than 1,200) was now less than 300. He had done some very fine cases and made some people extremely happy. But, many patients left.

Like many doctors who dropped Delta and other PPOs, the first thing he did was send out a rather high and mighty letter. The letter said he couldn't be a quality dentist and continue to participate in Delta. He also said Delta patients would have to pay upfront now, since the insurance check would come directly to them. Some patients probably left right away. Many continued at the office, but were turned off by all the changes and decided not to return.

Things became so slow, this doctor seriously had to reconsider whether he should rejoin Delta. However, doing so would be difficult because of the negative statements he had made when he stopped participating in Delta.

The moral to the story: Don't try to do everything at once and don't send out haughty letters! At best, you confuse patients; at worst, you will scare them off.

I'm not saying that everything the doctor did was wrong. In fact, each step by itself could have been beneficial if handled correctly. For example, when it comes to raising fees, I've seen no proof yet that charging up to the 90th percentile hurts a practice. The plain fact is that demand for dentistry is not very fee-sensitive. That is, charging less than average won't get you lots of patients and charging more than average won't drive away patients.

I work with many dentists who no longer do amalgams and do just fine. However, I'm less enthusiastic about refusing to process insurance for patients. You can help patients by processing insurance claims without being "handcuffed" to the company's policies. As aggravating as insurance is to you, it is even more confusing and aggravating to patients. A confused person does not buy! Don't leave patients alone in the wilderness, because the only voice they might hear is that of the insurance company wolf!

That brings me to the "ugly dog theory." If you know someone who has an ugly dog - and this person even knows it's a very ugly dog - he or she still might not appreciate you referring to the dog as ugly! That's how most people feel about their insurance. Most people don't like insurance companies, but they don't necessarily want you slamming their insurance company either. Avoid comments like the following:

"Your insurance is really awful, and the insurance bureaucrats only think about money. We, on the other hand, are noble providers practically sent from heaven ... etc. etc."

Instead, it's better to emphasize the positive with your patient such as:

"The good thing about Delta is that you can pick the doctor of your choice ..."

"A good thing about this PPO is that you do have out-of-network benefits ..."

"No insurance company covers 100 percent of recommended services anymore, but your insurance will help you with a portion of the cost of your dental care ..."

Some folks on the lecture circuit will never tell you about the dentists who dropped Delta and regretted it. They also have denied or ignored the obvious fact that there are many dentists participating in PPOs that are doing quite well financially. It's important to make business decisions based on business criteria ... based on what really is versus what we would like things to be.

## Case History No. 2: Using the telephone to screen patients vs. using the telephone to welcome patients

Dr. Good Guy has not been a Delta or PPO provider for years. The doctor is in his late 30's and approaching his prime years in practice. The problem is the practice has not grown much over the past three years - despite the fact that his advertising budget is substantial! He has invested in the Yellow Pages and in an expensive national advertising program. Yet, new patients add up to about 12 per month. Obviously, this is not enough to support real practice growth.

To find out what the problem was, we called the office posing as a new patient. We found that the first or second question the prospective new patient was asked was, "Do you have insurance?" If the prospective patient answered, "Yes, Delta" he or she was told, "We are not Delta providers, but we can see you. However, you will be asked to pay at the time of service, since the insurer will send the benefit payment directly to you."

Our experience has been that, in the great majority of dental offices, the initial phone contact is seldom handled well. However, in this situation, that can be particularly harmful. When we later asked the front-desk person why she handled things the way she did, she said: "Well, a couple of times (literally two times) patients came here and were very upset to find out that we were not participating providers for Delta, so we want to warn them over the phone."

Do you see what's wrong with this picture? The reason this doctor stopped being a participating provider with Delta was so he could distance himself

from insurance and provide the treatment he thought best for patients, regardless of their coverage. Also, the doctor felt it was fair that everyone pay the same fee for the same excellent level of service. If quality isn't a variable, then price shouldn't be a variable. Yet, everything about the front-desk person's demeanor was defensive. I honestly believe that she herself thought any Delta patient would be crazy to come to that office (and therefore many didn't).

We decided to change her approach. First of all, patients were not asked about their insurance until they were verbally welcomed into the practice and their concerns were addressed. Then, in the context of other questions (such as, "May we contact your previous dentist for your records?"), the patient was asked, "Do you have dental insurance that you'd like us to help process for you?" If the patient said, "Yes," the receptionist simply answered, "Please bring your information or card in and we will go over it with you at your first visit."

In the first month the phone was used to welcome patients vs. screening them, there were 28 new patients. The new-patient numbers continue to be better than before. This has been going on now for months in this practice and no patient has complained yet. If a patient complains upon finding out that the practice is an out-of-network provider, the front desk staff is authorized to write off any difference in the treatment and happily forward that patient's X-rays elsewhere. However, this just hasn't happened. But, let's say a patient is angry and says, "Well, if I had known you weren't a participating provider I wouldn't have come in. Why didn't you tell me?"

The front-desk person might reply: "Mrs. Smith, when you called our office, our main concern was to welcome you into the practice and to take care of your dental needs. Our primary concern was not which insurance company you have. We feel if that is important to a patient, then he or she will choose a dentist from the insurance company's list. Again, we feel very strongly that it's important to focus on you, the patient, not your insurance company ...

although we will, of course, be happy to help process the insurance for you ..."

Just think about it - When a new patient calls your office, you don't feel obligated to say to him or her, "Well, we are happy you called, but you should double-check to make sure your insurance is covered here and, by the way, did you know that there are some other doctors that charge less for a crown than we do? And, there's another office down the street that has a nicer reception area and the doctor is slightly less bald than our doctor ..."

No! You welcome new patients into the practice and do your best to do your best!

The same thing goes if you are an out-of-network Delta provider. It's not bad to be a nonparticipating provider. Never say, "We are not a provider" - you are a provider; it's just that you are a nonrestricted provider! The moral of the story: Use the phone to welcome people into the practice, not to screen them out! Don't be apologetic or pompous about not participating in any particular plan. Assume people will want to be in your practice and you usually will be right.

### Case History No. 3: Like peeling an onion, but no tears whatsoever

Drs. Buzz and Cruise had signed up with several PPO programs over the years to "keep busy." Since they had lots of open chair time, it was a reasonable thing to do. But the practice has matured to the point where the doctors were booked four weeks out, hygiene capacity and rooms were maxed out, and the discounts were killing them. They found that insurance discounts were over 15 percent of their total gross production. So, each year they were, in effect, working about a month and a half for free! They were involved in several PPOs, any one of which represented less than 15 percent of their patient base. Thus, the plan was to dump one PPO at a time and check to see that the practice still was doing well, and then peel off the next one, just like layers of an onion.

As they lost some patients from peeling off the PPOs, they fortified the practice by working on other areas. They took up the slack in the recall system which had atrophied because of the high patient volume. The doctors brushed up on their case presentation; they also got the staff involved in looking past the patients' most immediate problems and into other possibilities. They worked on the new-patient intake script to bring in more regular patients. They improved their signage (better to put a sign up than have to "sign up"! ). They eventually got rid of most of the PPOs ... but they still are Delta providers.

They also carefully thought out how to tell patients about the changes. First, they got the staff's full understanding and support. The staff, like many patients, did not understand the amount of the discounts and how much that was costing the practice. They came to understand that since quality was not a variable, it wasn't fair for some patients to get the same quality of work at a much higher or lower fee than other patients.

Although this practice sent letters to patients about the changes, they first spent a lot of time talking to patients face-to-face. In this way, they were able to refine their message. When you send a letter to someone, you can't see how they react to it; however, when you talk to someone face to face, you can see their body language. Then, you'll get a much better indication of how they feel about things and, of course, through their questions and feedback, learn how to best get your message across.

You might say something like, "Mrs. Smith, the staff brought it to my attention that you are with XYZ PPO. I want to let you know that we've decided to change our status with this PPO to that of an out-of-network provider. You still will be a patient in our practice and we still will process your insurance paperwork for you; but, there may be a difference in your copayment or deductible. The staff will be happy to help you contact your employer to find out what your out-of-network options are."

The staff made a list of the patients on the plan and kept careful notes on who had been talked to and who had not been contacted. Over the course of a year, the doctors will know how many people actually remained, who needs to be talked to, who needs a letter, etc.

The moral of the story: Take things one step at a time. Drop one PPO at a time. Most importantly, have concrete plans to strengthen the remainder of your practice to compensate for any patient attrition. In short, have a plan!

### **Case History No. 4: A lesson from a bureaucratic slip-up**

Dr. L was a participating provider in XYZ PPO. Through a bureaucratic slip-up, his participating provider status was changed to that of a nonparticipating provider. The doctor and his staff were very busy, so they didn't notice the change. The surprising thing is that neither did the patients! It was months before a patient brought it to their attention that he (the patient) was not getting the special PPO fee. Most of the other patients simply accepted the insurance company's coverage for what it was and paid their copayments and deductibles accordingly.

This particular PPO has decent, out-of-network benefits. For the most part, patients have more or less normal insurance benefits when they see a nonparticipating provider. It's just that a deductible now applies and there are no longer any fee disallowances. I'm not suggesting if you drop a PPO or Delta, you say nothing; but, there is a lesson to be learned here.

The moral of the story: don't make too big of a deal out of dropping a PPO. Unless you are getting a lot of patient questions, perhaps the less said, the better. Sometimes it is better to be reactive than proactive.

### **One patient at a time**

This article cannot begin to cover all the factors involved in eliminating PPOs from your practice. There is no one way to drop PPOs. In the past, we used to just send out mass mailings and let the chips fall where they may. We can



improve on that approach. Before sending a letter, ask yourself: Do you send mass mailings out to patients announcing your fee increases? Or, do you handle dental treatment estimates one patient at a time?

Don't just rely on the mail. Instead, deal with patients on a one-on-one basis. Decide how to tailor your message accordingly. Maybe letters should be sent out in small batches, followed up with calls. Perhaps patients should be notified as they are scheduled for their recall appointments, or even better, as they come in for their next recall appointment. It may be better to risk occasionally having to write off a fee (which you did for years anyway if you were with the PPO) through just assuming the patient will continue with the practice. You can have a plan to smooth things over for those who are disappointed with the change. And again, make sure you have a plan to fortify the non- PPO side of your practice.

Discuss the above case histories with your staff. I know some of the recommendations are controversial, but such controversy can help your team sort out what is best for your patients and your practice. There are risks in stopping PPO participation, and each doctor has to carefully assess his or her specific situation. You will lose patients, but when the situation is handled correctly, you will keep many of them and save yourself a lot of write-offs and aggravations.

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## QUESTIONS TO ASK YOURSELF IF YOU'RE CONSIDERING DROPPING A PPO

- Approximately what percentage of my production and collections come from the patients in this particular PPO?
- How much am I writing off per month with this PPO?
- How many of my new patients come to me because I'm on the PPO's list?  
How many new patients will I get if I'm not on the list?

- How much do I have to discount my normal fees for this PPO? If you have a 40 percent net on production and the discounts on the PPO are about 20 percent, then you could lose up to half the PPO patients and not lose any profits. If you lost less than half, you would be ahead. So, the break-even point is:  $\text{Loss \%} = \text{Discount \%} / \text{Net \%}$
  - If I lost half of the PPO patients, would I still have a very good chance of being busy? If I lost all of them, would I still be OK? Do I have concrete plans to build up the nonPPO part of the practice?
  - Does this PPO have decent out-of-network benefits?
  - Are my patients on this PPO young and cash-strapped or older and more affluent? Long-standing patients of record with good incomes will be more likely to stay.
  - Have I tried talking to the PPO to see if they will consider increasing their reimbursement to me?
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## SIGNS THAT YOUR PRACTICE HAS THE POTENTIAL TO PEEL OFF A PPO

- Ask staff members working with your continuing-care system. Could they fill an additional hygiene day per week if they had the time to work the lists?
- Do new patients have to wait more than a couple of weeks to get in?
- Are you booked out more than a couple of weeks?
- Are you examining more than 150 patients per month?
- Have you had a meeting with your staff in the last year to discuss patient education and case acceptance? Do you feel there's a gap between what the patients choose to have done and what you can do for them? What have you and your staff done to close that gap? (Hint: This does not require hard-core sales techniques. It's just a matter of focusing you and

your staff's efforts on giving good advice in addition to the actual delivery of the treatment itself.)

- Can you increase your visibility through improved signage?
  - Is the number of dentists in your area increasing or decreasing relative to the population?
  - Are lots of other dentists in the area dropping a particular plan (thus causing an influx of patients from that plan into your office)?
  - Have you maxed out your capacity? In other words, are you producing everything you can produce, yet you still are not experiencing a good or growing bottom line?
  - Have you had a knowledgeable practice-management consultant look at your practice to determine if you could maintain or increase your production without the PPO part of your patient base?
  - Are you experiencing - or are you about to experience - a loss of capacity? (For example, do you have a doctor who will be cutting back on his/her hours or a partner retiring who will not be replaced?)
  - Can you expand your services to patient and refer out less treatment? For example, can you do more endo, implants, or ortho?
  - Have you talked to colleagues in the area who have dropped this plan? What has been their experience?
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