

DON'T BE PROACTIVE WITH PPO'S

You Can Blow \$1,000's by Acting *Too* Quickly

by Bill Rossi



Here is a fairly common scenario: A new PPO is coming to town and they sent you a letter saying they signed up local businesses in your area and would you like to be a provider? Fearing that patients you already have may leave you because you would be out-of-network, you sign up.

Pretty soon you are experiencing significant discounts on patients you already have, and if there's been an uptick in new patients because you joined the plan, it hasn't been very significant. How much did this cost you? Let's say the plan requires a 20% reduction in your fees and that you have about 100 patients working for those businesses.

As a rough rule of thumb, the average production per patient per year is approximately \$600. So, a 20% discount of \$600 is \$120. 100 patients x \$120/year write-off = \$12,000 "write-off" your bottom line! For real.

Moreover, this is not just a one year expense. PPOs usually offer a better fee initially than they will over the long run... they're not likely to keep up with your routine fee increases so the gap will grow.

Now, don't get me wrong. For most practices, some insurance participation is inevitable. Even desirable. But you never want to make a decision to join or leave a PPO out of fear or anger.

Look at it this way. PPOs are the "HOUSE." Like the casinos, they know the statistics and have most of the advantages. But you don't have to play dumb. Sometimes you don't have to play at all! You are not completely without power.

So how should this sort of decision be approached? Please keep these points in mind.

- Although dentistry is 200 "clicks" per year to you and your team. To the average patient, it's only one or two clicks per year. You never have to hurry into anything!

➔ Don't make a multi-thousand dollar decision because you lose a family or two. At the loss of one family, if you go running for the PPOs, well, you'll end up signing up for almost anything!

➔ Do some research:

- What are the out-of-network benefits on this new PPO?
- * Do the patients have insurance alternatives or plans that you're already with that reimburse better?
- * How many patients do you already have with the employers involved?

At the same time the insurance companies are lining up their provider network, they are also lining up their business customers. It's sort of a chicken and the egg problem for them. To get business customers, they have to prove they have a network. To get providers, they have to prove they have business customers. This is a time when PPO's are most likely to deal.

Keep in mind that at every insurance company/PPO there is a "Network Manager." This is a person who's either recognized or rewarded for building a provider network and keeping that provider network happy. If you look at it a certain way, they see the providers as streams of income to them. The insurance company makes more money if it has a large provider network. Every provider on that plan represents a stream of income to them even if they have to pay a little more by "allowing" you more.

If you are going to sign up, you want to negotiate first. Ask, "This looks like a 20% discount. I feel my fees are pretty fair already. Can you do any better?"

Sometimes they will bring their fees up. You don't know if you don't ask.

Again like a casino, the odds are generally not in your favor but you don't have to play stupid (and you can sometimes win). Every "win" can add or save \$1,000's of dollars to your bottom line this year and for years to come. It's high-stakes poker!

I've seen situations where a new PPO comes to town and doctors have prematurely signed up. Then, we worked with the practices to take them off the PPO. They lost the discounts and kept most of the patients.

Yes, there is always some risk, but you have to keep in mind two points:

1. If you don't join now, the PPO will probably be glad to have you join later. You don't need to rush into it. Don't take discounts now for sure because of possible loss of patients later.
2. We all know that hard work, integrity and skill is important to your success. But don't forget another virtue: courage.

Remember the courage it took for you to first start out in practice? When you bought or started your first practice or built that new building? Don't lose that courage when you're dealing with insurance decisions.

Obviously, if you're out of network, your staff needs to be good at dealing with patients and putting things in a positive light. They should not be defensive or bureaucratic.

Whether you're getting on PPOs or getting off of them, a little thought can go a long way. I see too many Doctors working their butts off trying to outrun the discounts. PPOs are a fact of life and very few practices will be able to remain entirely out of network. Always take your time in making these decisions. Sometimes it is better to be reactive than proactive.

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