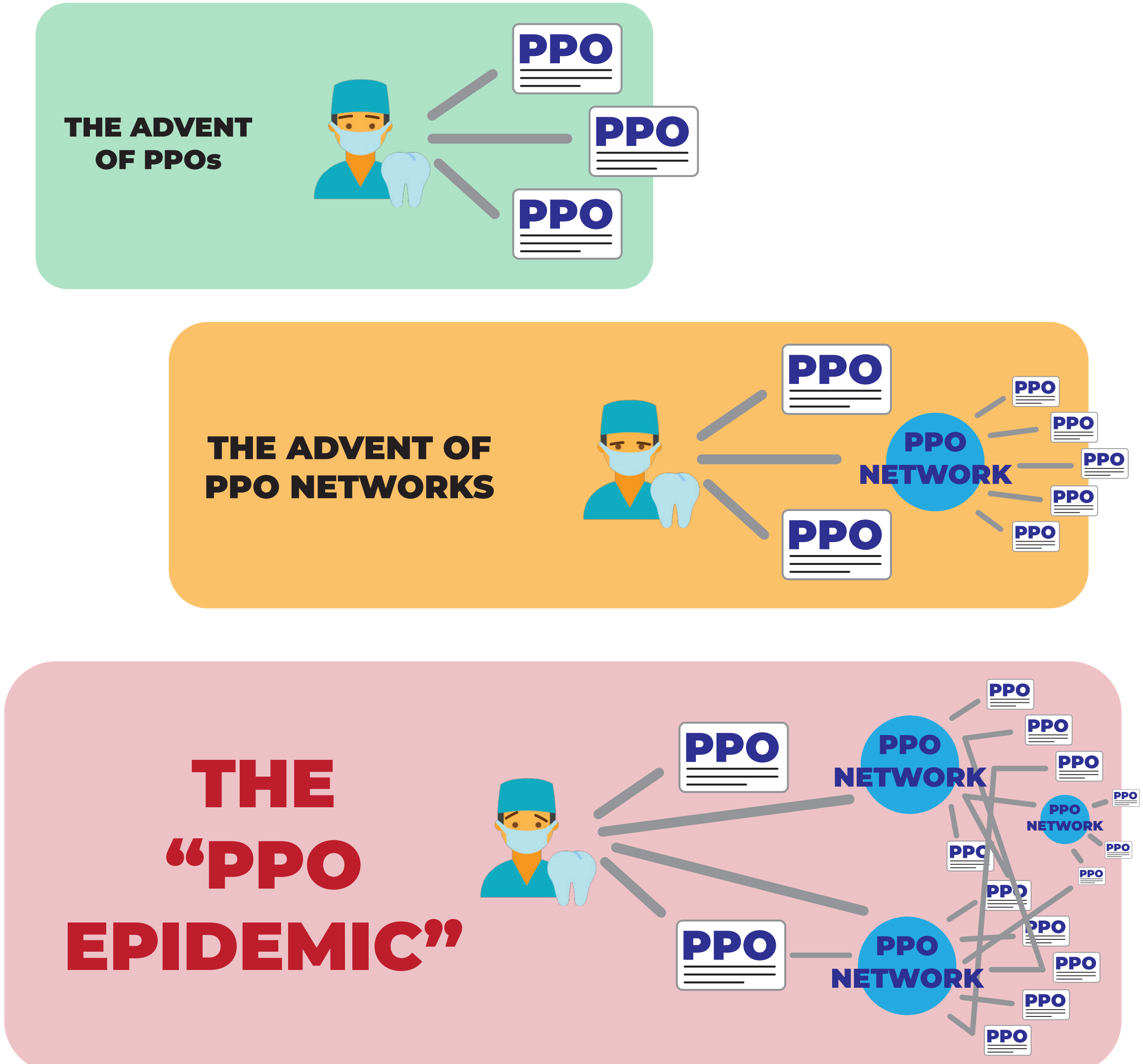
Swamped By PPOs?
Optimize and Opt Out!



Bill Rossi

You can add thousands per year to your bottom line by optimizing, and then selectively opting out of PPO participation.

With all the disruption caused by COVID, I have been surprised that since practices reopened, more dentists than ever are interested in cutting back PPO participation, but when I thought about it, it makes sense.

With all the extra expense and other measures, Doctors started re-examining how much they are really receiving for their services and are recognizing they cannot compensate for the PPE expenses if they have lost control of their fees to PPOs (and therefore have no ability to control the pricing for their own services). Many dentists are writing off $30,000+ per month due to PPOs. Some much more. Doctor, you are not helpless! There are things you can do to dramatically increase your revenue by getting control of your PPO participation.

Understanding the Leasing/Shared Network Epidemic

I asked Kristan Palmer of e-Dental Market* to help us understand the landscape and changes with PPO networks.

“To understand how negotiation or optimization works successfully today, you need to first understand what is happening between insurance companies that gives them the upper hand. We are seeing that leasing or sharing between carriers has expanded each year, resulting in hundreds of contracts between carriers big and small. Sharing/leasing networks is basically a contract between two or more insurance companies that allows them to process claims in network through the other if a dental office does not participate directly. Since 2017, we have seen these arrangements morphing into leasing that could actually supersede direct contracts with these companies.

So, for example, you might be directly contracted with MetLife for a certain fee schedule but find out you are actually getting less than that through a network with which you participate. They have it figured out so whatever network or participation will pay you less – that is the pay you are going to get! We are now seeing leasing that can piggyback on other leasing, so leasing can be several companies deep. What used to be fairly straightforward in- and out-of-network participation has now become an entanglement of touching and overlapping contracts. This means practices have more participation through shared participation or leasing than what they initially agreed to. Bill calls this “PPO creep.” However, they also have more underlying options for remaining in-network should they terminate or opt out of a current leasing. This underlying participation is hard to identify unless you are really familiar with how leasing works with the individual characters.

Increasingly it is not a matter of “negotiation,” but “optimization.” Instead of trying to pressure huge bureaucracies into giving you a better allowance, it is a matter of shopping these different networks where you get the best fee and severing your relationships with the others."

For example, you may be with DenteMax and Connection. If you discontinue with DenteMax you may get better reimbursements with Connection or vice versa (or, Careington or Zelis, etc.). There are details and variances that are different with each practice and each region.

There is no way you can have the time or expertise to sort out these network things. So, if you are contracted with PPO networks, I recommend engaging professionals that can help you optimize your participation.

OPT OUT!

However, even after optimizing, you will likely still be experiencing significant write offs and therefore loss of income.

You may be ready for a potentially more lucrative step. That is, deciding which insurances you can leave, where you can “keep the patients and lose the discounts.” Even after “optimizing” your fees in the umbrellas plans, you can often pull individual plans out and drop them.

When deciding which PPOs to drop, I look at:

1. The percentage of the practice that has that particular PPO.
2. The out-of-network benefits of the plan
3. The fee schedule of the PPO
4. The momentum of the practice.
5. The potential of the practice.
6. The strength of the practice’s staff and organization.

PPO decisions involve substantial rewards and some risks. So, they always have to be made in the context of each practice’s realities. Factors do vary very much from practice to practice and from area to area.

I usually suggest first working on transitioning out of one of the PPOs that does not have the most presence in the practice, say one that involves 5%-15% of the practice. That is a good warm up for making the bigger plays later. If you have a PPO (e.g. MetLife, Aetna, X-Y-Z whatever)…15% of your practice and you produce $100,000 per month – writing off 45% costs you $6,750 per month. If you can leave that PPO and keep most of those patients, you can add nicely to the bottom line – in this example, over $4,000 per month. Through my two decades of work helping clients balance their PPO situations, I can assure you of the following:

1. You have more power than you think. Patients do like you for more than your in-network status.
2. If you make good decisions about which PPOs to opt out of and your staff is prepared and trained, you will keep the majority of the patients in that plan. You’ll still be busy and revenue will go up.
3. As a practice owner, there are likely few other things you can do that can add more directly to your bottom line and, more importantly, your own control over your own practice.

Once you have learned how to smartly transition out of one PPO, you can use the same techniques to evaluate and execute other transitions. In my opinion, this is now a necessary skill for any practice owner and/or office manager.

I often say it is important not to just *leave* PPO participation; you must be working *toward* something. The transition of a PPO can create just enough stimulus to create a practice renaissance. Instead of relying on PPOs to send you patients, you become more self-reliant and will get more on top of your business systems, marketing presence, and all the stuff you need to keep on top of if you want to keep independent and profitable anyway.

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Remember the optimism and courage it took when you first started a practice? Whether you started from scratch, joined one or purchased one, those were big decisions. Leaving PPOs is a serious matter, but you have made bigger decisions. How many management actions can you take where you have no significant capital outlay, and the ability to very significantly increase your income this year and for years to come? And if in the unlikely event it did not work out, you could always go back to participation (to my knowledge, no one I have worked with on this has decided to rejoin the PPO).

In summary: Would you like to add 5%, 10%, 15%, or even 20% points to your collection percentage? Take these steps:

1. If you participate with networks and multiple PPOs, get a pro to help you sort things out and "optimize" your participation.

2. Decide if and which PPOs and PPO Networks to leave and in what order. A steady, rational process.

3. Take necessary measures to fortify the practice and train the staff for a successful transition.

Time to get out of the PPO Swamp! ■

Bill Rossi has over 35 years in practice management. He is an ally for private and independent practices in a profession increasingly impinged on by corporate dentistry and PPOs. You may contact Bill at Bill@AdvancedPracticeManagement.com, 952-921-3360, or his website at AdvancedPracticeManagement.com.

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