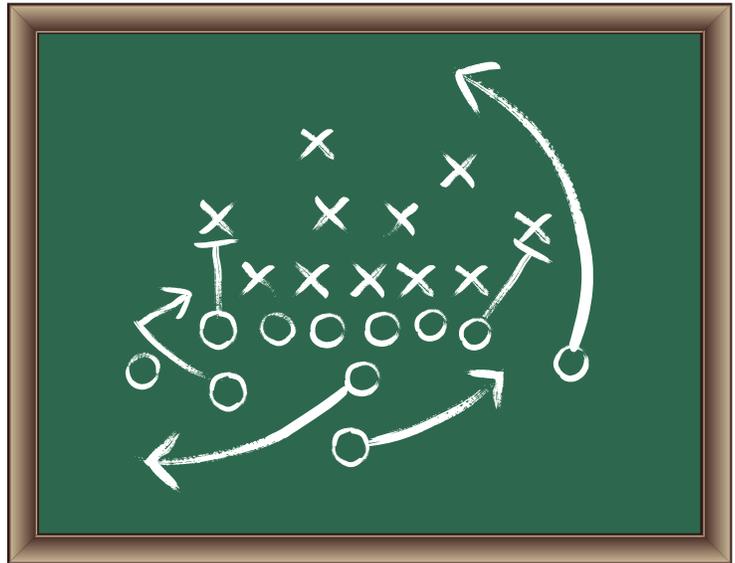


# PPO Plays

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Advanced Practice Management

Sometimes PPO participation is necessary, even desirable. However, a little strategizing can do a lot for your bottom line and your peace of mind.



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Too often Doctors join PPOs hastily, or leave PPOs recklessly. Bad decisions here can lead to thousands of lost dollars or hundreds of lost patients.

Over the years I've worked with many practices deep into PPO participation, others with no insurance participation at all, and many somewhere in between. It's important to know what to think about when deciding to sign up for a PPO, what you need to do to operate successfully with PPO participation, and how to best leave PPO participation so you'll lose the discounts but not the patients. Each circumstance is different. Below I offer various observations and thoughts for you to consider:

1. Some of the most financially successful dentists I've worked with have been deep into PPO participation. Despite the fact that theoretically they should be making a quarter of the profit with a 30% discount (assuming a normal 40% net, a 30% discount would only leave you a quarter of the profits). These Doctors have defied the logic and netted well. So no smart practitioner should out-of-hand reject the idea of PPO participation.
2. Some Doctors with PPO participation are very busy but they are not profiting well. They are on a treadmill. Ironically, the Doctors who are deepest into PPO participation are the ones who are in the best situation to leave but emotionally less likely to want to leave.
3. It's not uncommon for Doctors to not know which PPOs they are signed up with, especially PPOs within Delta.
4. Doctors will balk at spending \$3,000 per month in paid advertising while at the same time writing off \$10,000 per

month in PPO discounts. Somehow not receiving \$10,000 is less painful than writing a check out for \$3,000.

5. Practices that drop a PPO, don't prepare their staff and send letters can do serious damage to their practices.
6. PPOs are not going to go away. You need to learn how to deal with them wisely based on your specific practice situation and resources. It is dangerous for me or any consultant to make blanket statements about anyone participating or not. There are too many individual factors involved and variations between marketplaces.

## Are You Considering Joining?

What if a new PPO is coming to town and they claim to have signed up a couple of large local employers? Usually they are also working on signing up dentists in the area. It's sort of a chicken and egg problem for them. Do they get the business first or do they get the provider network first? Anyway, for this example let's assume they have already signed up businesses in your area. Naturally, you'll be tempted to sign up to avoid a loss of patients. In most cases it's not best to sign up with a PPO for defensive reasons. Why not wait and see? Chances are the PPO has out-of-network benefits and if that's the case, many of your patients are likely to stay with you. Through one of your patients or by contacting the employer directly, get your hands on a benefit booklet. Often you'll find the out-of-network benefit set is not significantly different. It's just a matter of whether or not the patient goes to an office that's agreed to a lower PPO fee schedule.

You see, one of the things you're supposed to get with PPO participation is more new patients. That's your quid pro quo. "I'll take the discounts if they'll send more new patients over here to help me fill my chair." However, if you sign up for a PPO plan and simply convert patients you already have to discount patients...ouch! You just lose income! So rather than take a certain loss of income because you might lose patients by waiting and seeing you'll be able to know if you are really losing them. Then make the judgment if the loss rate is too high to sit on the sidelines. You can join the PPO then. They'll be glad to have you on board. There is no need to rush to sign up.

Usually PPOs at this point will offer a fairly good fee schedule. Keep in mind that what they offer at first may not be their top offer. You can negotiate with them if they need providers badly enough.

If a PPO in your area made a big splash by setting up a couple of major employers who you do not have a lot of patients with, then you can adapt the strategy of joining the PPO when they first are signing up the big company because at that point, many patients might be making decisions about their insurance and you might pick up new patients who you might not have otherwise received. Your strategy here can be to bring these patients into the practice and if the discounts become insufferable two or three years later, drop the plan and you'll still keep a lot of the patients. Of course, it's important to check to see if the plan does have out-of-network benefits, if you can drop at any time of the year or just specific times during the year, and you have to look at your own situation; how much in full chair time do you really have? How well are you doing at retaining patients?

With any PPO decision, joining or leaving, it's sort of like a person going on a new drug or exercise regimen. The person's physical condition has to be known. So all the basics of practice management apply. Whatever your PPO participation or not, the stronger your practice is organizationally and otherwise, the better you're able to deal with any decision. Again, many doctors will take tens or even hundreds of thousands of dollars in discounts every year but faint at the idea of spending \$10,000 on management advice or staff training to fortify their practice.

### If You Are Already Participating:

PPO discounts often run 15%, 20%, even 30%. To be successful you can either outrun or outgun the discounts. By outrunning the discounts I mean this: If you can produce twice as much as the average dentist per hour you can overcome a 30% discount. This means you really have to pay attention to the factors of capacity such as: scheduling, staffing, delegation and teamwork. Also, leveraging your practice time and talents with technology, rooms and equipment. Many dentists participate in PPOs but they don't really change gears. They just sign up for the discounts and hope to "keep busy" and let the chips fall.

The whole thrust of what I'm saying is, you'll do so much better if you realize the ramifications of your decision and the realities of your situation so you make the right moves. You can't do the Pankey/Dawson new patient intake format on deeply

discounted patients. You probably won't want to refuse to sign up for any insurance or PPO participation and work Monday through Thursday from 8:00-4:00 in an invisible location with no other marketing efforts and expect to fill your chairs.

You can "outgun" the discounts by offering discretionary patient services that don't come under the PPO fee restrictions such as Invisalign, Veneers, Implants and Bleaching. Profitability in those areas offsets the deep discounts in the others. Sometimes by just negotiating with the PPOs you can greatly increase your reimbursements. We've helped clients gain many thousands of dollar for their bottom line through correct negotiations with their PPO. Don't overlook the fact that you can ask for annual increases. Sometimes when you ask, you'll get a bump...but when you don't they're not going to go out of their way to give you more.

### If You Decide to Leave a PPO:

Let's say a certain PPO is 30% of your patient base. If you drop that PPO you could potentially lose that entire 30% but it is unlikely you will lose more than 50% if there are decent out-of-network benefits. So for the purpose of this example, let's say you have "at risk" 15% of your patient base. You have two goals in mind: 1) To minimize any loss of patients, 2) To slow down any loss of patients.

If it takes two years for you to experience the full effect of the attrition and you lose 7% of your patients per year, chances are if you are working to otherwise fortify the practice (see below) you will be able to overcome that 7% loss per year.

If you send letters to patients announcing the PPO departure, you will intensify and accelerate any loss you will experience. These letters are not always read. They can confuse or irritate people. They usually sound self-serving. I feel that a lot of times doctors and staff send the letter out of fear of confrontation with a patient. Letters once sent, can't be "unsent." That's why I feel it's so much better to talk to patients face to face. In this way, you'll see almost every PPO patient you have at least one more time. You can refine and hone your message. If and when you decide to give up and just send letters, you'll write a better letter. Even then I suggest sending them out in small batches at a time. Here's where training your staff is so important in explaining to patients that you've changed your status,

"Mrs. Smith, since the last time you were in we've changed our status to an out-of-network provider for XYZ Insurance Company."

"What does that mean?"

"While we'll still process the insurance for you, you might see some change in benefits. However, we have many patients on this plan and other plans that we're seeing on an out-of-network basis and things work out just fine."

Believe it or not, most patients will simply shrug and kind of see what happens. There is more involved here than I can include in this article but over the years I've found that basically the less said, the better. Sometimes it is better to be reactive than

proactive. Keep in mind that you and your staff are already seeing patients out-of-network through a variety of insurance companies and the patients are OK with it and you are OK with it. Yes, some families will change Dentists to maximize their benefits. However, unless you are signed up with every plan in your area and have the lowest fee schedule in your area, there is always going to be a better deal somewhere else for the patient financially. You invite patients in and do your best to do your best and work to make sure they feel value in their visits and in their relationship with you.

If the PPO you're dropping has little or no out-of-network benefits, it may make sense to send a letter. This is the exception and not the rule.

### **Make sure that you have a plan to fortify your practice:**

If you're having a loss of capacity (cutting back in hours or a partner leaving), then you may not need to otherwise fortify your practice. However, assuming you want to continue growing then you'll want to be working on other aspects of the practice to beef things up. There is always plenty to work with.

Chances are you haven't really tucked in all the corners of your practice to get the best possible attraction and retention of patients. Plus, in every practice there is a gap between what you can do for patients and what they choose to have done. Closing that gap is a lifelong professional challenge.

Working with your team on clinical calibration and co-diagnosis can yield great results. Many doctors overlook the fact that the amount of services offered and accepted per patient is usually a greater factor in a practice's production than the number of patients seen per se. Maybe you won't have the largest patient base in the world but you can have the best care for patients. This does not have to be a matter of high pressure sales techniques or violating your core values. Indeed, done correctly, it's a matter of putting your core values into action in your everyday work.

Experienced management help will guide you through realistic alternatives to increase patient flow, profitability and practice security.

### **In Conclusion:**

Recognize that you can't wish PPOs away. Take time to manage your particular situation with the right strategies and training. Then, you'll keep solvent and secure.

If you would like to learn more PPO Plays, call 1-800-337-8467 to order the Insider Secrets of Dental Insurance CD featuring Bill Rossi and Gary Kadi.

*Bill Rossi has over 25 years of experience in dental practice management. He and his associates at Advanced Practice Management are actively involved in the ongoing management of over 240 practices. You may call Advanced Practice Management for a FREE 15-20 minute phone consultation at 952-921-3360 or visit their website at [www.advancedpracticemanagement.com](http://www.advancedpracticemanagement.com).*