

Title:

Greg Winteregg, DDS Answers The Managed Care Riddle

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Summary:

During eleven in practice, I spent tens of thousands of dollars on consultants to teach me how to have a great staff meeting, run my schedule, etc. But, after all of this consulting, I was still left with no solution to increasing the number of new patients which had fallen to only 10 per month. I was frustrated. I began investigating PPO and HMO plans as a solution.

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Article Body:

What am I going to do?

In 1992, after eleven years in my dental practice, I was asking myself this very question. My practice was in a strip mall and the supermarket moved out. The foot traffic left with it. New patients crashed to fewer than 10 per month and collections were down by 25%. Over the eleven years prior to this I spent tens of thousands of dollars on consultants to teach me how to have a great staff meeting, run my schedule, etc. But, after all of this consulting, I was still left with no solution to my lowered income and new patients. I was frustrated. I began investigating PPO and HMO plans as a solution.

Perhaps you to are or have look at managed care (HMOs and PPOs) either as a source of new patients or how to get out of it. As the topic of managed care is one that I get asked about on a regular basis, I thought it would be a good idea to look at A) why people join up and B) What it really takes to get out. If you are involved with any HMOs, PPOs, discount plans or just want to know how to stay out of them, this article is for you.

In looking at an exit strategy, we should first examine what prompts dentists to join these plans. Common answers I hear from colleagues are:

1. I needed to be busier. It is better to fill that empty chair time with a patient (even at a reduced fee) than to have it empty.

2. I wanted to join the plan before I got "locked out"
3. A lot of my patients switched over to this plan.
4. I needed to improve my cash flow.
5. I needed more new patients.

You may find that the reasons you joined or are thinking of joining are similar. While these are all valid reasons, let me pose this question: If I were to ask if you would prefer to be paid your usual full fee for work you are doing, what would be your answer? (I am assuming it would be "yes.") The obvious problem with these plans is you are doing the same amount and quality of work at a reduced fee. This would work if your lab, suppliers, landlord and staff were willing to perform their services at a commensurately reduced fee - but we know that this is not going to happen! Generally, the write off percentage begins at 15-25% and go as high as 60% with some plans. You are reducing your income for a procedure, but not expense. At best you are cutting your profit; in severe cases may find yourself with a busy office having a difficult time paying bills.

What problem is managed care solving? You join a plan, you get more patients. Well, this begs the question: Why not go and just get more new patients without joining a plan? Think about it: If you knew how to attract enough fee-for-service new patients for practice to be successful - what would be the point of signing up for any plan?

This brings us to the first requirement of getting out of managed care - the ability to attract fee-for-service new patients.

I find that when most doctors look at how to get new patients, they a) can see that they need more b) have trouble making a decision about what to do because they are not educated in the areas of promotion and marketing and c) wish someone or something else would do it for them! The problem with this operating basis is it puts you in a position where you are not in control of the area - rather you are at the mercy of who ever you hire to do it or the "hope" that some marketing idea will work for you, knowing little to nothing about it.

Well, how do you go about increasing your ability in an area such as marketing and new patients? The answer is simple: get trained on the subject so you can handle it yourself and be confident enough to act. Like it or not, you ARE an EXECUTIVE, by virtue of the fact you own a business. You can try to get around this fact, but it is what it is. An executive needs to know how to handle (competently) any area of his or her organization.

So, hurdle number one to overcome when looking to get out of managed care is having the ability to attract an adequate volume of fee-for-service new

patients. Hurdle number two believe it or not is case acceptance.

In another article I wrote, I detailed the relationship between low collections, case acceptance and of all things referrals. Without going into great detail again, I'll point out that an inability to "sell" full treatment plans, can convince a doctor that the reason for his or her low collections is not enough new patients. In other words, "to increase my collections, I need to more new patients coming in." It is true that an abundance of new patients is healthy for a practice and should be maintained. But look at it this way: If you have three patients each with a \$6000 treatment plan, only accepting a third of needed treatment presented (i.e. each do \$2000 worth of treatment), this is the same from a collections standpoint of one patient accepting their full plan of \$6000. That one patient who accepts their full plan will also be healthier and more likely to refer!

With all of the above in mind, there is a basic formula that ANY business follows:

1. Sell their product or service.
2. Deliver their product or service.
3. Get new people to sell and deliver their product or service to.

"Management" coordinates and holds the organization together so that it will continue to sell and deliver more services or goods to the public (which means expansion). However, if there is ineffective marketing and sales then there isn't enough activity in the business to have something to manage.

Dental school and continuing education trains you how to "deliver the product." Where most practitioners fail is in 1 and 3 above - selling and getting new people to sell and deliver to. The reason for this failure is not hard to see - you will be successful in areas where you are effectively trained. Areas in which you are not trained in or know little to nothing about will be troublesome. You will also have a hard time making decisions about these areas. And let me make clear that by effective training - I mean learning techniques that actually get a desirable result!

Having difficulty in sales and marketing due to no training, it is easy to see how Managed Care Plans can appear to be a solution. While they will make you busier, they in fact breed other problems when it comes to overhead and profitability.

The solution to this problem is simple, learn how to properly market and sell in your office. With that ability, you will then have the confidence to start

getting off the plans.

To finish my story above, at the same time in 1992 that I was investigating managed care plans, I heard about the MGE New Patient Workshop (<http://www.mgeonline.com>). I found out more about it and decided to give it a shot. What attracted me to it was the idea that MGE was going to train me to fix the problem myself and that there was no risk involved (money back guarantee). So, with the managed care contracts on my desk, I signed for the MGE New Patient Workshop. I did the New Patient Workshop and was able to handle my new patient problem on my own - without having to join any plans. From there, I did more sales and executive training with MGE, built a very successful practice and in 1994 sold it and became a partner in the company to help other doctors like me.

So, when I tell you that learning how to do it yourself is a solution - I am not saying this from some detached viewpoint - I lived this experience myself and saw the benefit!

So, my advice to you - make this the best year you have had in practice. Get started by increasing your ABILITY with the MGE New Patient Workshop (<http://www.mgeonline.com>). I look forward to meeting you and tracking your success!