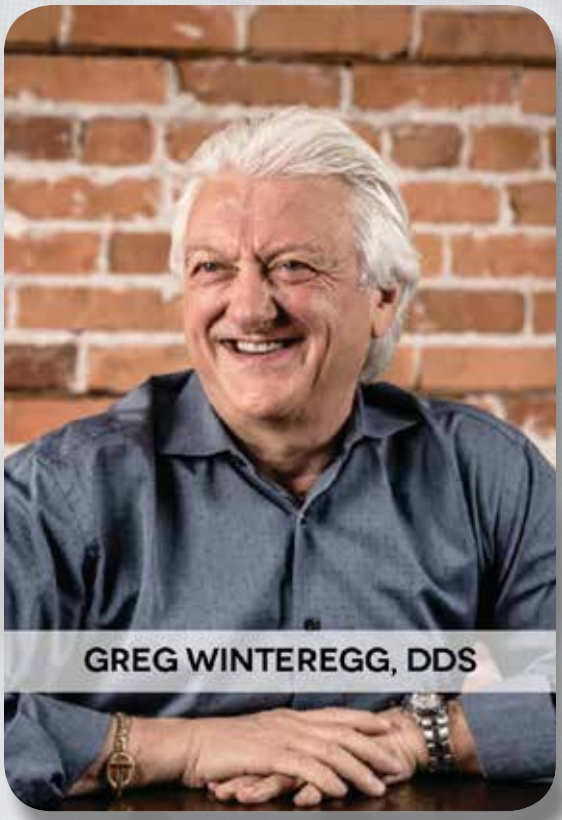
DENTAL ECONOMICS ®

ENDEAVOR BUSINESS MEDIA



EXECUTIVE BRIEFING

There are two great myths believed by many of today's practicing dentists.

The first is that our case acceptance is above 90%. There isn't a simple measurement for case acceptance from a practice management software report and patients often don't just say "no thanks" to our faces.

The second myth is that PPOs are a necessary evil in a modern practice. Sure, third-party payers may be an important part of your business model right now, but what if you could drop them like a bad habit and have your practice thrive?

What these two myths have in common is that they are common assumptions that could be holding us back. In this e-book, Dr. Greg Winteregg will bust those myths and get you thinking about a more enjoyable practice future.

Cheers,
Chris Salierno, DDS
Chief Editor, Dental Economics

Dropping dental insurance plans: Could your practice survive?

Dr. Gregory A. Winteregg says: "I see a lot of dentists who feel like they are working for insurance companies. I want to let you know there is hope! But you must be proactive."

By **GREGORY A. WINTEREGG,** DDS

YOU MAY BE HAPPY with your dental fee schedule. But how often do you get paid your full fee for any given dental procedure? If you're like much of the dental profession, the answer is not all that often due to participation in reduced-fee dental insurance plans. Plans that have you writing off 30%, 40%, or even 50% of your normal fee. Plans that require you to work harder and longer to meet your overhead and (hopefully) make a profit. Plans that have you practicing dentistry at a pace you might not have envisioned when you signed up with them.

Since the early 1990s, we've watched heavy managed-care participation in the dental industry go from the outlier to the accepted norm. Nowadays, we're at a point where a completely fee-for-service practice is the anomaly.

Anecdotally, I can attest to this. I have lectured to and met with thousands of my colleagues over the past decade. It's not uncommon, especially when I take on a new client, to see practices that have two-thirds or more of their patients with HMO or PPO plans. The reason for the uptick in activity is obvious. Doctors join for the promise of more patients, which answers the question as to why doctors worry about dropping plans. They don't want to lose patients!

I was in the same boat myself years back. My practice had dropped off by 25%. New patients had crashed from 25 to eight per month. I had three PPO plan contracts on my desk. After reading them, I couldn't reconcile how it would work

Originally published Sep 12th, 2019

for my practice. Doing the math, it became obvious that I would have to work more to make the same. I looked at that 30% write-off to be a "participating provider" as a marketing fee. Then, I realized I would never spend 30% of my revenues on marketing! So, I took a different path. Instead of joining plans, I learned how to manage and market my practice. I did well, and eventually I became a partner in the company that trained me.

These past 25 years I've seen thousands of my clients drop insurance plans. Maybe not all of their plans. A 10% write-off is not all that bad, but 25%? 30%? 40%-plus? That just does not work. And factually, these write-offs as a percentage of revenue give you a larger marketing budget than Coca-Cola, Walmart, or any major corporation!

Looking under the hood

What's easy to see when a practice participates in insurance plans? The volume. The practice is busy. It has more patients and more activity. That might make a doctor hopeful, but "pop the hood" on one of these offices with high participation and take a closer look. We have a few things happening.

Cost to deliver (materials, salaries, rent, etc.) to fee-for-service and plan patients is the same, but reimbursement is lower, lowering the margin on all procedures or, in some cases, posting a loss.

If the average write-off is 30% on these plans, the office ends up with a 10% global fee decrease for every one-third of the practice that is managed care—e.g., two-thirds HMO and PPO would be a 20% global fee decrease for the practice.

The doctor is working more, harder, and faster for less profit, hoping to make up the difference through volume, which really isn't a concept that works all that well in a service business.

To be clear, I am not criticizing patients in these plans. Patients are patients. They aren't to blame for their insurance company's fee schedule. I understand why insurance companies have gone this route—it's cost control. But why would the average doctor subject him- or herself to working for—in some cases—50% of

their normal fee?

The reason is, we don't know any better. No one ever accused us dentists of being great businesspeople! I think this needs to change. If you want a successful office, you need to know how to get new patients on your own steam. You need to know how to present treatment well and create an excellent customer experience with your team.

Looking deeper

Let's do some math. What would happen if a practice that was two-thirds managed care (with an average 30% write-off) dropped all of its plans? Sure, the practice would lose some patients, but not all of them. Some would stay. Some would leave and come back. The better the doctor's business skills, the less attrition that would occur. That said, how many patients could this office afford to lose by dropping these insurance plans? This is where it gets interesting.

Let's take a look at Table 1. In this scenario, we have an office that is two-thirds managed care. It has 3,300 charts, collecting $115,000 per month with an overhead percentage of 70%, and collections per chart are $34.85. The cost per patient (overhead divided by charts) is $24.39, leaving a net profit of $34,500. The doctor now drops all insurance plans, effecting a 20% fee increase, and now look at what happens. Yes, you're reading that correctly. Active patients drop from 3,300 to 1,980 (a loss of 1,320 patients), collections drop from $115,000 to $82,800, overhead percentage drops from 70% to 58%, and profit stays the same at $34,500 per month.

Table 1: Dental practice overhead comparison

Scenario	No. of active patients	Income per month	Overhead %	Net %	Income per patient	Cost /patient net / patient profit
With two-thirds managed care plans... Existing #'s	3,300	$115,000	70%	30%	$34.85	$24.39 / $10.45 / $34,500
After dropping all managed care plans... 20% fee increase	1,980	$82,800	58%	42%	$41.82	$24.39 / $17.42 / $34,500

This doctor could afford to lose 1,320 patients and still maintain the same level of profitability! The doctor would be working fewer hours, most likely with higher career satisfaction, and still make the same profit margin.

Now, obviously, I wouldn't advise doing this without also knowing how to attract more new patients and being able to transition those plan patients over to paying your normal fee. Done correctly, you can keep up to 80% of these patients. Situationally, things can change, of course, but it's not all doom and gloom.

If you want to see how this type of scenario might look for your practice, I have created spreadsheets that you can download at raisemyfees.com. You can enter in your own numbers and see what would happen if you dropped plans and how many patients you could potentially afford to lose.

Again, the focus isn't on dropping patients, and the insurance companies' fee schedules are not the fault of the patients. This is about having a sustainable business model, practicing dentistry the way you want, and focusing on delivering the best possible care. It's also about having economic freedom.

I'll give you an extreme example from one of our clients in the Midwest. He collects about a million a year and doesn't participate in any plans. He and his staff work about 18 hours a week (three six-hour days). His fees are above average for the area but not the highest. His profit margin is 50%. Most everyone in his vicinity participates in dental insurance plans, but he doesn't. His view is that he's going to be paid a fair fee, or he's going to be home with his kids, or doing something else that he enjoys.

So, it is possible.

I pose this concept to you to get you thinking. I care about our industry, and I see a lot of dentists who feel like they are working for insurance companies. I want to let you know there is hope! But you must be proactive.

How do you want to practice going forward? Put some attention on acquiring a set of business skills to go along with your clinical ones. Create the type of practice you truly want.

GREGORY A. WINTEREGG, DDS, is an internationally recognized practice management speaker and author. After transforming his small-town office into one of the top practices in the nation, Dr. Winteregg joined MGE Management Experts as a partner in 1994. Since then, he has personally consulted and lectured to tens of thousands of dentists. Visit mgeonline.com or call (800) 640-1140 to learn more about MGE and the upcoming calendar of CE events across the US and Canada.

MGE management experts

YOU MAY BE HAPPY WITH YOUR **DENTAL FEE SCHEDULE.** BUT HOW OFTEN DO YOU **GET PAID YOUR FULL FEE** FOR ANY GIVEN **DENTAL PROCEDURE?**

Get your FREE Practice Potential Analysis!

We are offering a **free practice analysis** where we will go over your numbers and see exactly what would happen if you dropped all insurance plans and raised your fees.

Rich Salvatore, DDS
& Vera Salvatore, DDS//

*"**We're now seeing a lot more fee-for-service patients** who follow through with treatment. It enabled us to **drop out of 16 of our 22 PPO plans!** We're now more productive and better compensated for the work that we're doing. **we've grown by over 73%**; from collecting an a little over $98,000 a month to **now averaging over $172,000 a month.**"*

Ryan Detmer, DDS //

*"Prior to MGE, we were collecting **$175,000 per month with 95% of my new patients coming from PPOs** that I was participating in. Now, we're collecting on average of **$300,000 per month.** We're also getting 25% more new patients now than we used to, but a major difference is **many of them are fee-for-service.**"*

GO TO **WWW.MGEONLINE.COM/ANALYSIS** TO GET YOUR **FREE PRACTICE ANALYSIS** AND BE ON YOUR WAY TO GETTING **MORE HIGH-QUALITY FEE-FOR-SERVICE PATIENTS!**

Does dentistry need to be 'sold'?

We need to care enough about patients to help them through their concerns. That is "selling."

By **GREGORY A. WINTEREGG,** DDS

"Doctors should not 'sell' dentistry." I heard this statement or some variation from the first three consultants I brought in to help me with my dental practice. It's an idea that appears to be prevalent throughout most of the dental practice-management industry.

I disagree.

Beyond addressing why I feel this way, I want to show you how this attitude might not be good for your patients or their long-term dental health.

When we hear the word "sell," what do we think? We might conjure up a vision of an unethical sales rep tricking someone into buying something they don't need for an inflated price. In essence, we equate selling with ripping someone off. I don't like it when someone tries to do that to me, and you probably don't either. But in my mind, that's not selling. That's being a con artist.

I believe that selling in dentistry is about caring for the patient, answering all the patient's questions, and working with the patient to get the care that is going to help him or her stay healthiest for the longest period of time. Objections must be addressed and handled.

When people buy things online, they are "sold" before they turn on their computers, phones, or tablets. But dentistry is notlike that. An in-person diagnosis and treatment plan created by a licensed dentist is needed. Then someone needs to sit down and enlighten the patient on the options.

Originally published Mar 1st, 2019

Let's face it: dentistry oftentimes costs thousands of dollars and involves needles and drills in the mouth. That has to be "sold"—meaning questions and concerns must be answered. I don't like needles and drills in my mouth, and I'll bet you don't either. But we do it because we understand the long-term consequences of not having a necessary treatment done. My point is this: considering the potential discomfort and cost associated with dentistry, it's only natural that people are going to find objections to having it done—even though it might be best for their long-term health. They must then be "sold" on doing what is best for them.

We need to care enough about patients to take the time to help them through their worries and concerns. To me, thatis selling. Sure, it would be easy to let them order off of your menu of services. But I'm sorry; dentistry is notlike ordering for a child at a restaurant.

To extend the analogy, if you ask a child what he or she wants for breakfast, most would say, "Ice cream!" or "Pizza!" That wouldn't work out so well, would it? Parents who complied wouldn't be doing what was best for their children. Most parents instead "sell" their children on something healthier.

This isn't to compare your patients to children. (Unless you are a pediatric dentist, of course.) I'm just making a point. When you ask patients with no dental education or background to decide what is best for them, what criteria are they using to make their decision? Probably cost—they understand that!

So, sure, present options as required, but patients must be "sold" on which one is best for their overall, long-term health. That seems logical to me.

Then why is there such an overwhelming agreement in dentistry that doctors don't sell? Well, let's start with the explanation I've heard the most: If a doctor sells, patients will think the doctor is unprofessional and money-motivated. I sincerely believe this broadly held viewpoint is suppressing dentistry and denying patients needed dental care. I believe it is motivated by our own experiences with untrained and unethical sales representatives.

Each of us has been sold by a rep who we found repulsive and money motivated. Maybe the rep even lied to close the deal. No one reading this article would

want to be perceived that way. You would find it disgusting—and so would your patients. If patients felt that way about you, it could destroy your practice, and that thought should scare the daylights out of you.

Thatis the problem. We are afraid of being perceived as uncaring and money motivated. We are potentially losing patients or going out of business as a result.

It is fear that causes us to do just what the patient wants done, to do just what the insurance company allows, to do dentistry for free, etc. (Been there, done that.) But think of the sales rep who you love. The one you always ask for when you go back to that store or establishment. The one who cares about you and helps you solve your problem, better your situation, or meet your goal. You love and appreciate them! Why do you feel that way about them? Because they care about you!

And that's the difference between a great salesperson and a discreditable one. One cares about you. The other cares about himself.

Being good at "selling" dentistry is almost too simple. You must do the following:

- Care about your patients.
- Tell patients what they need to help solve their dental problems so they live healthier lives.
- Forget about whether the insurance will cover it or not.
- Have financing plans available to help patients afford the cost.

When I state it like that, don't you agree that it sounds too simple? That's because it is. Now, you may say, "What about the patients who just want to do what is cheapest and don't really care about their long-term oral health?" You're the doctor, so I can't tell you how to practice. That's a clinical decision only you can make.

It's easy to become jaded and believe that no one cares about their teeth, or that no one wants to spend money on their teeth, or that everyone just wants to do

what the insurance allows and not pay their co-pay. Well, of course they are going to behave like that. Remember: every kid wants ice cream for breakfast!

There are always going to be some people who will want to do something in the cheapest manner. There's nothing you and I can do about that. But I want you to do an experiment for me. Ask every patient you see for the next week this one question: "Do you want to keep your teeth?" If possible, have a staff member record the answers. I did this many years ago. I was convinced at the time that maybe 25% of patients would say "yes." I don't remember the numbers exactly, but it came in somewhere around 75% saying "yes." (Full disclosure: I counted, "Yes, but just the front ones," as an affirmative answer. My viewpoint was if they wanted to keep the front ones, then I could help them learn why it was important to keep the back ones too. Technically, I was "selling" them.)

I soon realized that if the majority of my patients wanted to keep their teeth, then I needed to help them overcome their fears and concerns so they would do what was best for them. If people wanted to say I was a bad person for doing that, I figured that was their problem and not mine.

The aha moment was when I realized most people wanted to keep their teeth, and therefore there was nothing for me to be afraid of when talking to them about the treatment and the price.All of a sudden, many of them started agreeing to do what was needed rather than just what insurance allowed. Within five months, I was swamped with business and had to hire an associate.

Franklin Delano Roosevelt famously said, "The only thing we have to fear is fear itself." I decided I was sick and tired of being afraid. I started confidently telling patients exactly what they needed and how much it was going to cost. More than half of them said yes, and the rest is history.

Ask your patients if they want to keep their teeth. I predict well over half of them will say yes or some version of yes. Do them a favor and talk to them about what is best for their long-term health, work through their concerns, tell them how much it is going to cost, have someone make a financial arrangement, then schedule them for appointments to give them what they really want. They just told you they wanted to keep their teeth. Do them a favor and help them do just

that. I call that "selling."

Gregory a. Winteregg, DDS, is an internationally recognized practice management speaker and author. After transforming his small-town office into one of the top practices in the nation, Dr. Winteregg joined MGE Management Experts as a partner in 1994. Since then, he has personally consulted and lectured to tens of thousands of dentists across the US and Canada. Visit mgecourses.com or call (800) 640-1140 to complete Dr. Winteregg's Effective Case Acceptance Course online.

MGE NEW PATIENT WORKSHOP 10 CE CREDITS

2-Day Workshop delivered around the country

More high quality new patients – who pay for treatment!

We'll show you how to specifically attract high quality patients and walk them through the process so they show up, accept treatment, come back for recall visits and refer their friends and family, too!

Zero-cost ways to increase new patient flow.

How to reorganize your office and focus on the right internal marketing activities to make your practice generate more new patients consistently. These techniques have been shown to increase new patients by as much as 20 per month (for nearly zero cost).

Get the phones to ring.

Unbiased information about what forms of advertising are actually working – right now in 2019 – to attract more new patients.

Online marketing secrets nobody else is telling you.

Social media. Google. Website design. Online reviews. What should you focus on and how can you rise above the rest? Marketing companies who want to sell you their services won't share the information and tools that we cover at this workshop.

★★★★★

Alla Dorfman, DDS //

*"We saw immense benefit from the referral system we learned at the MGE New Patient Workshop. Our new patients increased from an average of **40 to 124 a month**, **while dropping 75% of our reduced fee plans!**"*

★★★★★

Vladimir Gashinsky, DDS //

*"Before MGE, we saw about 12-15 new patients per month, with **PPOs making up about 90% of our practice**. After MGE we now see an average of **62 new patients per month – all fee-for-service!**"*

★★★★★

Charmaine Johnson, DDS //

*"**My practice is 100% fee-for service**, so all of my new patients come from my marketing efforts. Everything my staff and I learned from MGE has made my marketing for new patients much more effective. Our new patients have increased **from 19 per month to an average of 55 per month** so far!""*

UPCOMING WORKSHOP DATES & LOCATIONS

Southern California
Dec 12 & 13, 2019
March 12 & 13, 2020

New York
Oct 17 & 18, 2019
Jan 16 & 17, 2020

Florida
Nov 7 & 8, 2019
Feb 13 & 14, 2020

Seattle
Nov 14 & 15, 2019
April 9 & 10, 2020

Chicago
Oct 24 & 25, 2019
March 26 & 27, 2020

Dallas
Sep 26 & 27, 2019
Jan 30 & 31, 2020

CALL (800) 640-1140 OR VISIT WWW.NEWPATIENTS.NET FOR MORE INFORMATION OR TO REGISTER!

The blueprint for a successful case presentation

Treatment acceptance is dentistry's weak spot. But when it's fixed, it offers the quickest route to practice improvement. Here are three simple—but essential—strategies for improving dental case presentation.

By **GREGORY A. WINTEREGG,** DDS

Over the past 25 years, I've lectured to thousands of dentists about how to improve treatment acceptance, and I can tell you categorically that as a profession, this is our weak spot. For the average dentist, it's the area of practice that underperforms the most.

But conversely, when fixed, it's also the area that offers the quickest route to practice improvement. Specifically, improved treatment acceptance translates into

1. higher professional satisfaction, because the doctor is doing more of the dentistry he or she enjoys doing,
2. better production, collections, and profitability, and less open time in the schedule, and
3. most importantly, patients accepting the dentistry that they need.

Healthier patients are what all of this is about in the end anyway, isn't it?

Higher treatment acceptance is truly a win-win-win scenario for you, your practice, and your patients.

Originally published Apr 1st, 2019

And while it's not hard to improve on this subject, there is potentially a lot to learn—communication skills, case presentation structure, and how to address objections, just to name a few things. In an effort to make the subject less daunting, I thought it would be productive to center this article around a few simple actions that you could easily put into practice and which could start you on the right road.

Now, all these actions assume you've completed a comprehensive examination, created the resultant treatment plan, and are ready to present. With that in mind, let's have a look at three things that can help ensure your treatment plan has the best chance of acceptance.

Enough time

I have a rule—don't start a treatment plan presentation unless you (and your patient) have adequate time to complete it. That means enough time to answer your patient's questions and concerns, address objections, and so on.

How does this normally go wrong? The doctor walks into the hygiene room for a new-patient examination. On average, the doctor has 20 minutes set aside for this. After a 15-minute comprehensive examination, the doctor finds that the patient needs four root canals, six crowns, and a few composites. Depending on fee structure, we're looking at an $11,000 case. The doctor then spends the last five minutes of the appointment (there's another patient who's been seated and is waiting now) telling this new patient that he or she needs all this treatment, and then sends the patient up front to work out finances.

And, surprise, at the end of the day, when the doctor asks what happened to these patients, the front desk says they "are going to think about it." Or they only want to do the one root canal and crown that the insurance will cover and wait on the rest.

And it's no wonder: the doctor spent all of five minutes explaining an $11,000 case. When was the last time you decided to spend over $11,000 in five minutes? Maybe you have—but I can assure you it's not the norm.

Whether you're dealing with a new patient or even a patient of record, you need adequate time to present. So, what should you do if you or your patient doesn't have adequate time?

Schedule a consultation. Historically we've reserved consultations for "big" cases. But they don't have to be. You might need 20 minutes to discuss a couple of crowns with a patient to ensure he or she fully understands why they are needed and answer any questions.

A couple of hints here: don't push the consultation off too far (e.g., three weeks from now). Get them in right away. Don't let their enthusiasm wane. And second, the larger the case is, the more time it will normally take to discuss it with your patient. Schedule accordingly.

You can also apply this concept to patients of record. Rather than try to jam the treatment discussion during a five-minute hygiene exam, you're better served bringing patients back for a consultation.

That little bit of extra time discussing treatment can pay off in a busier, more productive schedule and healthier patients. It's worth carving out the time in your schedule because it results in more production long term.

Don't use big words

Have you ever witnessed that "glossed over" look a patient gets when you use an unfamiliar dental term? You mention a "periapical radiolucency" and you see that glazed stare (it could be for less than a second). So, you ask, "Do you have any questions?" And the patient says . . . "No, not at all." You know the patient didn't get it, but what are you going to do, challenge him or her on it? Of course not.

I've heard the concept that "using big words makes you sound more 'doctor-ly' or professional." I thoroughly disagree. The most important thing in a treatment presentation is that patients understand what you are trying to explain. If that's the case, why use words that they don't understand? Your patients are accountants, mechanics, car salespeople, etc. They are not dentists. Act accordingly. Use nontechnical terms, or if you do use technical terms, make sure

you explain them.

Discuss the fee

Here's the big one. As the doctor, the idea of discussing fees with patients may prompt any number of reactions. You might worry that patients will think you are "unprofessional" or "just after their money" (they won't). You may have a difficult time even contemplating the idea of doing it. But let's be real here. Why do most of us not want to discuss fees? I can tell you why I didn't: fear. People can get emotional when you discuss money. So, we avoid discussing the fee and send them to Susie at the front desk to do it.

Years back, one of the consultants I worked with (prior to working with and becoming a partner at MGE) told me that I should never discuss fees, and that I would "mess everything up" that he had put in place if I did so. I asked him, "What should I tell a patient if they ask me how much something costs?" He told me: "You tell them you don't know." I found this ridiculous and couldn't do it. If patients asked, I reluctantly told them, but often I didn't have to because they discussed it with my financial coordinator. After I became an MGE client, I began discussing fees with patients. This, coupled with better communication skills, was instrumental in moving case acceptance to an entirely new level.

It may seem trivial, telling a patient how much their treatment will cost. But it's not. And why does it help? Well, survey your staff. Ask them, "Who in the office is a patient most likely to listen to?" Uniformly, you'll hear "the doctor." When you tell a patient something, it carries more weight.

And much of the time, if patients have a concern or objection about the treatment, they won't bring it up until it comes time to talk finances. If you're no longer in the room at this point, you can't address those concerns with them.

I'm not asking you to have them hand you their credit card or fill out a financial company application for them. Just find out, prior to presenting, how much the treatment is and tell them. They won't bite. They may have questions, concerns, and so on, and you can discuss these with them. Then turn them over to your financial coordinator to wrap things up.

I hope you find this useful. Try these strategies out in your office and let me know how it goes.

Greg WinterEgg, DDS,is an internationally recognized practice management speaker and author. After transforming his small-town office into one of the top practices in the nation, Dr. Winteregg joined MGE Management Experts as a partner in 1994. Since then, he has personally consulted and lectured to tens of thousands of dentists across the United States and Canada. Visit mgecourses.com or call (800) 640-1140 to complete Dr. Winteregg's Effective Case Acceptance Course online.

"Hi Doctor,

I DON'T CARE ABOUT MY TEETH...

I just want my one-time discount and then I'm never coming back."

10 CE CREDITS

Tired of this yet?

Start attracting **High-Quality New Patients** that **follow through** with treatment!

THE MGE **NEW PATIENT WORKSHOP**

Go to **WWW.NEWPATIENTS.NET** or
Call **(833) 773-3393** for more information!

MGE management experts

The hidden costs of being an in-network dentist

This dentist believes it's to a practice's advantage not to participate in insurance plans. If a dentist chooses not to participate, there are steps that can be taken through effective marketing to make up for any loss of patients.

Gregory **A. WINTEREGG, DDS**

Dentistry is an interesting profession. I describe it as a cross between engineering and art. While there's a definite technical aspect to dentistry, there's also an artistic side to shade selection and treatment planning. Each case has its own challenges, and that's what makes dentistry as a profession fun and creative.

How much are you losing by participating in HMOs and PPOs?

Many of us don't feel the same about the business side of dentistry. For the most part, we "just want to be the doctor," and turn marketing, case acceptance, and business administration over to others. I've said this, and chances are you've said it as well.

Let's step outside of dentistry for a moment and take a look at driving a car. I'm dating myself, but I was born in 1955. It was a big deal when cruise control was added to cars. It was nice to just push a button and not have to pay constant attention to driving the speed limit.

With this in mind, I have a question: Did you ever set your cruise control and

Originally published Jul 1st, 2019

jump in the back seat for a nap? Of course not! You still had to pay attention to the road. Even with cruise control, you have to keep your hands on the wheel and take responsibility for operating the car safely.

Can you put new-patient marketing on "cruise control"?

In my practice, marketing was one of those areas I tried to turn over to others. Pay the money, turn it over to the professionals, and jump in the back seat to "just be the dentist." I usually ended up in a ditch.

I've talked to more than one (hint: hundreds) dentist who has grossly overpaid for marketing that didn't work—on websites, Google pay-per-click, mailings, you name it. In some cases, they spent tens of thousands of dollars.

I think marketing is one of those areas that is a combination of science and art. You have to keep your hands on the wheel and steer the professionals in the direction that you want to go. I know that sounds like a lot of work, but let's look at the typical alternative.

Joining an insurance plan as essentially a "marketing" plan

One solution to get more new patients is to join an insurance plan. You get your name in a book and on a website of providers in exchange for reducing your fees—sometimes by as much as 50% or more. I would say that 80%–90% of the dentists with whom I've talked are on or were on at least a few reduced-fee plans. Many of them perform 80%–90% of their production at a reduced fee.

I normally ask how much someone wrote off the previous year. The doctor usually doesn't know, and I don't blame him or her for not knowing. It's too painful. But when we take a closer look, it's usually 20%–40% of gross production.

Let's take a doctor with production of $1 million for the year and collections of $700,000. The practice's new patients run about 25 a month, or 300 for the year. Numbers like these are common.

What needs to be confronted by the practitioner in this example is that the

$300,000 write-off was the marketing cost for the practice. This doctor paid $1,000 per new patient ($300,000 write-off for 300 new patients) to get his or her name in a book or on a website.

I've been challenged on this before because the doctor didn't have to write a check for $300,000. This does not matter. The $300,000 figure was the acquisition cost of getting the 300 new patients.

20%–40% is too high for a marketing expense

Take a second and look at last year's write-offs and then divide it by the number of new patients who visited your practice from those plans. This was your marketing cost.

We can take a look at it from another viewpoint. According to Payscale, the average marketing director is paid $85,749 per year.1 This doctor could have hired a full-time professional with a budget of $215,000 (about $18,000 per month), and I'm sure he or she would have been able to get more than 25 new patients per month and would have been able to charge his or her full fee, which in turn would have increased revenues.

But it would be way too painful to write that big check every month. It's much less painful to just work harder, with longer hours for reduced fees and less profit, and bleed out slowly. I hate to be so blunt, but that's the truth.

I tackled this problem in my office by learning the basics of marketing and directing my own marketing campaign. I still had companies that placed the ads, sent out the mail, and so on. But I directed the show. I made sure what was going out would not only do well but would reflect my values and properly represent my practice. I went from an average of five new patients a month to 88 in a 12-month period. My marketing budget was about 5% of total collections. Yes, it was more work, but it was incredibly profitable, and I never participated in any reduced-fee plans.

What's the solution?

I have a few suggestions regarding how you can attack this problem. Get involved in the process. It's time to start gathering as much information as you can by taking courses on the subject, reading books, researching online, and more.

Don't do something you don't want or like to do. It's very easy when you're paying someone to run your campaign to just give in and do what the person says. What I've found is that doing something that I don't think looks good or is unprofessional often doesn't work.

Survey your best existing patients before dumping a bunch of money into a campaign. Have the professional design something, (e.g., a website, ad, or promo piece) and then ask patients what they think of it. Their opinion will mimic nonpatients with the same attitude. My magic number is 40. Survey 40 good patients and record their reactions, and then adjust your campaign as necessary.

Monitor your results. That means getting out a piece of graph paper (or using a spreadsheet), putting dots on it that represent the weekly new patients into the practice, and connecting the dots with a ruler. Then look at the trend. If you aren't seeing an uptick in new patients within six to eight weeks of starting a new campaign, something needs to change.

Drop out of the plans to which you give the greatest discounts. They aren't worth it. Give your 90-day notice or whatever is required by the terms of the contract. Begin your new campaign concurrently so that you can replace the loss of patients with more new patients.

My point is that you're going to pay either way. You'll pay the price of getting more involved, which includes taking control of your business and being more profitable, or you'll pay the price by giving all of your profit away for the acquisition cost of the reduced-fee plans. I feel better choosing the first one, not the second one.

Reference

1. Average Marketing Director Salary. Payscale website. https://www.payscale.com/research/US/Job=Marketing_Director/Salary. Updated May 6, 2019.

GREGORY A. WINTEREGG, DDS, is an internationally recognized practice management speaker and author. After transforming his small-town office into one of the top practices in the nation, Dr. Winteregg joined MGE Management Experts as a partner in 1994. Since then, he has consulted and lectured to tens of thousands of dentists. Visit mgeonline.com or call (800) 640-1140 to learn more about MGE and the upcoming calendar of free CE events across the US and Canada.

At MGE: Management Experts, we teach real systems for dental practice growth, efficiency, teamwork, and profitability.

We don't believe in making anyone dependent on an external company for their success; we empower you with the business knowledge you need to be in total control of your practice, success and future. Ultimately, you become your own consultant.

The teaching methodology consists of engaging and practical seminars, self-paced courses and one-on-one work to help you implement successfully. Every client has their own unique goals and circumstances, and we work with each one to create a plan that will work for them. There is no cookie-cutter approach or generic scripts.

You can find MGE clients in 46 US states and 4 Canadian provinces. With over 25,000 seminar attendees, you probably know someone who's been to our seminars.

MGE has an incredible team of over 80 professionals and is based out of a 55,000 square foot training facility in St. Petersburg, FL.

You can call use any time at (800) 640-1140 for a free consultation or register to attend one of our CE seminars across the US & Canada at www.mgeonline.com.

LINKS:

- Upcoming seminars near you
- Check out our extensive video library
- Request more information about MGE
- D.D.S.Success: Train your entire team on effective management systems to improve efficiency and productivity in your office! Learn from the experts with unlimited online training and direct support. Learn More Today!
- Dental Economics Chief Editor Dr. Chris Salierno and MGE principle Dr. Greg Winteregg shared an insightful discussion on the business of running a dental practice, full of tips to take your practice to the next level. Watch the videos of their conversation here.