Selling Your Soul to PPOs?

I practice in a fairly affluent section of my city; one of those places where the dental gurus tell you that you can get away with dumping your PPOs and letting patients file their own claims while you collect full payment up front. (I can’t laugh loudly enough at that.) Maybe I haven’t been in business long enough, but the thought of dumping my PPOs is about as comforting as bungee jumping off the Sears Tower without the bungee cord. To the contrary, with these challenging economic times and nothing optimistically clear on the horizon, I see more and more people joining corporations that offer nothing but PPOs. I’m at the crossroads of standing my ground (and possibly watching my practice fizzle out) or taking on even more PPOs and fully shackling myself with capped fees. What are you guys seeing in your landscape, and is anyone actually bucking the PPO trend?

I am pretty familiar with Nashville’s demographic, and it is pretty good – except in the affluent areas, because too many dentists think it is a good idea to practice here (like most places). So I can understand how dropping PPOs maybe difficult in that area. Of course, if you were in an area with a better dentist-to-population ratio, you would be in a more blue-collar area, where taking the PPO is probably needed as well. I don’t think you need to feel like you are selling your soul, you just need to be efficient. Try a different mindset. Why not try to continuously grow with the help of PPOs?

Coming from someone who never sold his soul to PPOs, I can tell you that patients will not file their own insurance. It sounds good in theory, but hardly ever happens. If they do file it, they might also try to keep that money and you’ll never see it.

I stubbornly stood my ground for a long time. All the gurus taught me about FFS, insurance-free and all that. People will seek you out, even if you are inconvenient and charge more. You are so darn great, that they will actually pay you in full and file their own claims!

I am a Pankey dentist. I am in Seattle Study Club. I actually had dinner with Pete Dawson! But you know what? People don’t care about all of that stuff. Most of my patients are teachers, police officers, hard workin’ folks. But even the educated lawyers and doctors in my practice found me on the Internet or on their dental plan’s website. In their eyes, a dentist is a dentist is a dentist.

So yeah, we signed up for new “plans” too.

I had to swallow my pride a little, but we are getting busier. If my goal is to have 10 “quality, above-the-line” patients, I understand (now) that I really need twice that many new bodies and maybe half will have comprehensive care.

Please, all you docs out there, don’t look at ways to successfully incorporate PPOs in your office. Turn those patients away with a stiff upper lip and an FFS stare. Raise your fees twice a year, every year. Believe that if you just take one more seminar on convincing people why they
should happily pay you, that’s all you need. “Real dentists” don’t need to work with a patient’s budget or insurance plan. Teeth are way more important than the mortgage payment or the kid’s college education and don’t forget to let patients know that. Don’t accept credit cards or use a third-party like Chase Health Care to help the patient in financing treatment. Amalgam or large direct composites, you say? Out with you, it’s full coverage restoration or off with your head. Restore a single tooth with a simple BU/Crown, collect the co-pay today at treatment and have the insurance. Please do all these things. It sends more people my way.

Several years ago, I paid a consultant $60,000 to talk me into turning all employees from hourly to salary, give six weeks paid vacation, and to go insurance-free. I drank the Kool-Aid; it was poison. Forty percent of my patients left, the economy went in the tank, and his only response was “this is the worst I have ever seen.” It has been a struggle ever since. I have used up most of my savings to keep the practice going. If it wasn’t for the PPOs that I have since signed up for, I would not have any business.

Can it be true? Do we really have a “pro-PPO” thread developing on Dentaltown.com? As many of you know, my offices are highly PPO. But for me, this is no more of a marketing decision than anything else. We treat all patients with the same diagnosis criteria, the same materials, the same time, etc. We do not base our clinical decisions on what insurance plans pay. We deliver the treatment presentation in a way that does not highlight insurance payments.

Our philosophy of growth has been to fill our schedules first with heavy marketing, high practice marketability, increased case acceptance and PPOs. Once we approach a specific level of “fullness” to our schedule, we start dropping PPOs and incrementally increase our marketing budgets. “Selling our souls” to PPOs for me just means that we are paying a high marketing price to bring in new patients. But this topic is a heavy-weighted one, in which many of the office systems have a direct effect on how successful we can be at not only bringing in the PPO patients and having them accept treatment, but also keeping them once we drop PPO plans and turning them into a referral sources. This topic is too deep for one opinion or another from each of us to steer the course of decision-making. In order to really analyze what to do and how to do it, we must look at our business and health and opportunity.

I personally do not view a PPO practice any different from an FFS practice when it comes to opportunity and operations. The only main difference I see is that the profitability of the FFS practice is much higher per patient, since the “marketing cost” per patient (or PPO write-off amount) is much lower.

Any consultant who has a standard policy in regard to PPO is full of it and not worth the fee you pay them. It is not about whether to be in-network or out-of-network. It is instead about running the business of dentistry in a way to maximize profit.

I agree with Scott. I take PPO patients and I make it work. I make it profitable. I also take FFS patients. Why not take both?

I firmly believe that taking PPO patients has actually made me a better dentist because I have to be fast, I have to maximize my staff, develop good systems, etc. If you don’t, you’ll be sorry. Also, they are a great referral source for FFS patients. I have a lot of PPO patients who send in friends and family who are FFS patients.

It’s a matter of getting people in the door for me. I also would rather be busy all day. I think if we can make the adjustments to PPO patients and be profitable, then our profit margin for FFS patients go up even higher.
I don’t get it. If every dentist signs up for the PPO plan, then what distinct advantage will you have? At that point, your best bet is to be named Brad Lowenbrau or Barbie Johnson to attract those patients who just go down the list.

It’s a slippery slope. We dumped every PPO over previous years and now are not contracted with those rates. I remember Cigan capping PFM at $480. Are you kidding me? We collect their share, still file claims for them and balance the bill. We are heavily insurance influenced but not contracted. Generally, for FMX, new exam and prophy, we get paid 100 percent of our fees. By this time, if we have not distinguished ourselves enough, then the patients won’t likely come back. But we are up 22 percent this year, and last year we were up 20 percent, so I would like to think we convince them that there is a difference.

Great advice. I am with eight or so PPOs. I try to offer Honda quality for the PPO price. Many who take PPOs take way too many shortcuts that affect the patient experience. Honestly, they don’t know that I use many top-of-the-line bonding agents, composite, pack retraction cord, but they do notice that they rarely feel the shots and their teeth feel better after coming to us, for the most part. This is where I feel spending extra on certain things (Isolite, Surpass, compounded topical gel and giving time to work, being honest, and not pushing treatment) really goes a long way. I know I might spend a little more on topical and Surpass, but I can’t tell you how many patients are impressed with not feeling anything. I don’t get as many compliments about Surpass, but I sure don’t get many complaints due to sensitive composites or amalgams. I also use Surpass 2 under my amalgams.

I also am not lightning fast, but we waste very little time. Rubber dam/Isolite and a very numb patient are crucial. I use one carp of lido followed by another carp of Septo on maxillary crowns. I use a carp of Citanest and a carp of lido on the lower. If I am doing extensive work close to nerve or have a skittish patient, I will supplement with Septo on the lingual of the molars. Search for it if you aren’t familiar. I will even do minor occlusals and buccals just using this technique. Some dentists will prep crowns, but I just don’t do that yet.

You also have to find a good lab for a good price. Difficult but not impossible. Forget these $200 PFM lab bills. It just won’t work when being paid $600 for a crown. Same for removable. Staff overhead also needs to be 25 percent or better. All overhead needs to be as close to 50 percent as possible, especially because you are writing off profit due to PPOs.

You also have to maximize patient time in chair. Right now we have a young girl in her 20s with rampant decay. We had her down for two fillings due to her schedule. I just asked her if she would be interested in saving an appointment and doing four instead of two today. So, we are now doing MODs on 12, 13, 14 and 15. I am only able to charge 75 percent of what many FFS do, but I sure never got to do four MODs on a patient when I associated at an FFS office. It takes all that much more time to do two MODs versus four, so it all works out. Just my thoughts.

I used to be FFS; saw less patients and sat on my butt a whole lot working on marketing and visiting local businesses promoting our office. Well, somewhere along the way the economy came along and local businesses started to cut benefits and hours, shutting down plants, etc. My schedule started to thin out. I marketed a lot to bring patients in. I thought for a long time and debated, should I sign for PPOs? Which from my posts you can tell that I finally did. I participate with quite a few. From FFS to PPO patients, I haven’t changed the suppliers nor labs. I treat every patient the same. Yes, on average I write off about 30 percent from total production from PPO patients but I am producing and taking home more. I see
more patients and work harder. However, I treat every patient, PPO or FFS, as I would treat a family member. Since I see more patients, there are more people to spread the word. Today I did 2k worth of work on an FFS patient (out of 10k treatment plan). She was referred by her aunt who is a PPO patient of our office. I do not just see PPO patients, we do not turn FFS patients away. My office is very modern with digital X-rays, flat screens in every room/waiting room, as modern as any office in the town. My PPO patients; are not treated like second-class citizens. Everybody gets treated the same.

Now, if you have a busy office like Armen, why would you sign for PPOs? You would have to be nuts for that. I know quite a few local dentists who are far from being booked and think marketing to the masses and signing for PPOs is only for shady doctors who have no respect for the profession. Times have changed; you have to adapt. If you need to join PPOs to be profitable to pay your bills, nobody is going to judge you – it’s just another business model. I am not here to change the world. I will adapt to the rules of the “game” and try my best to keep my office profitable.

[Editor’s Note: This topic has generated a very large and engaging conversation on Dentaltown.com. We encourage you to search for it online, and add your own opinions!]