

# WHY, HOW AND WHEN TO UPDATE YOUR DELTA FEES!



By Udell Webb, DDS

## WHY DO IT

Let me describe, quickly, a recent event in order to introduce the “why.” I received a call from a dental office in Pennsylvania. The front-desk assistant on the phone needed help understanding how to use the Health Insurance Association of America (HIAA)-based UCR table. Delta Dental had “allowed” \$41 for full reimbursement for a two-surface amalgam (D2150). She could not find that amount on the UCR table. Her submitted fee was \$81. The 80<sup>th</sup> percentile, as reported by the UCR table, was \$121. She could not find the \$41 on the table because the lowest percentile reported is the 50<sup>th</sup> percentile and the \$41 was lower than that! That office lost over 60% of the going fee in their area by accepting the Delta fee. Please multiply \$80 dollars times the number of two-surface restorations that your office performs per year. That is the approximate amount lost by the described office, per year, when Delta’s allowance is compared to the 80<sup>th</sup> percentile. Many thousands, tens of thousands, for that one code alone. We did not discuss the difference for crowns, but I would wager the percentage lost is similar. Therefore, one very important reason to update your fees regularly is to reduce the lost profit.

While discussing the need for vigilance in updating fees with Delta during a seminar in Monterey, California (read Pebble Beach Golf Course) one attendee reported that he hadn’t submitted a new fee schedule to Delta for eight years because it was too big of a hassle. That means his fees are eight years old. His fees drag down the fees of all the doctors in his area. You hurt yourself and others around you by not updating your fee schedule at least annually.

Why do it? You must improve your office’s reimbursement percentage to approximate more closely a profitable allowance and to assist others in doing the same by not dragging them down with your outdated numbers.

## HOW TO DO IT

Many offices have told me that they were not participants in managed care. They have fee schedules “approved” at Delta and Blue Cross, but they do not participate in managed care. If you have an “approved” fee schedule and that puts you on the “preferred provider” list, then you have joined a Preferred Provider Organization (PPO), haven’t you? The price that you pay for becoming a provider (instead of a fee-for-service doctor) is that you agree to discount your fees. The discount typically is in the 8-30% range, although the Pennsylvania office showed about a 66% discount. They were “allowed” \$41 compared to \$121. Unless their overhead is below 34%, they lost money doing that procedure.

If you have a “discounted fee,” then you must have a standard, common, or normal fee, right? Therefore, you have two fee schedules—normal and discounted. In order to reduce the pain of rejection, most offices submit the lower fees for “approval” at

Delta and other service corporations. They know by experience that if they submit their “normal” fees they will be rejected absolutely. This allows the PPO to say that their low “allowed” fees are based on “submitted” fees. **DO NOT SUBMIT LOWER FEES to the PPOs!** You must allow for the rejection the first time. If not, all fees submitted by all participants will be artificially low. Everyone, all participants, must submit the higher fee schedule. The HIAA-based UCR table shows the “estimated indemnity allowable” in two columns. Those columns relate to the 70<sup>th</sup> and 80<sup>th</sup> percentiles. These are the levels of reimbursement most commonly sold by indemnity insurance plans. Obviously, the insurance industry is not overpaying. Therefore, your fees probably belong at or above the 80<sup>th</sup> percentile. In some states, Delta says they pay at the 80<sup>th</sup> percentile—**of submitted fees**. That is less than the 80<sup>th</sup> percentile for indemnity plans. Submit your real fees. It will be a good exercise in business management to have them show you how much less they are willing to reimburse for the same dentistry.

## WHEN

Most schools graduate their classes in May or June. Most dentists have an annual renewal date during the summer. HIAA released the latest UCR update for all ADA codes July 1. You should update your fees at least annually. The changes are not as radical. You will worry less and the patients will not notice the changes. It is the doctor that has waited eight years that may sense a little more anxiety while increasing his fees to the current level. HIAA provides updated schedules twice a year. Updating your fees once every six months is even better.

Update your fees, especially your managed care fees, today. The reward is evidenced nearly every day by the telephone calls that I receive. One office reported a 22% increase in revenues in twelve months for an office grossing above two million dollars. Another doctor told me his accountant told him in April that his income was up more than a hundred thousand dollars. It is not “too big of a hassle.” Do it today. **DT**

**Udell (Del) Webb, DDS, is a nationally recognized expert in the area of dental insurance management. He is not an attorney, an insurance company employee or licensed by any group or agency to answer insurance-related questions. His answers are based on 25 years of painstaking research into the dental insurance issues that dentists face. If you seek legal advice, contact your favorite legal expert.**

**Dr. Webb is a 1976 graduate of Baylor College of Dentistry, Dallas, TX. Del is married and has seven children. Contact Dr. Webb at: (877) 628-3366.**