

# Five Steps to Transform Your Practice

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# Introduction

When four experienced practicing dentists conceived what would become DenVantage, we weren't looking to create a product or service to be sold for profit. We set out to create the best membership plan possible for *our own use in our own practices*; nothing more.

It was 2011 and the recession of '08 had belatedly hit dentistry in our area. Our practices were uncharacteristically stagnating or in decline, while PPO plans were on the rise. We had in common the strong desire to keep our fee-for-service practices independent of dental insurance in an adverse dental economy. We wanted something that could go against the trends. The concept of membership plans was emerging at that time and we saw it as a possible means to help us avoid surrendering to the insurance monster.

All four of us started at the same time, each of us trying his own concept of membership, so there were four separate and different plans at the start. We were each implementing and tweaking our own version, and then coming together to share what was working and what was not working. We refined and perfected our plans, debated the pros and cons of different features. Eventually all of us converged on the same thing, which is what became DenVantage.

The whole time, our primary goal was to develop a true win-win; a plan that was good for the patient **and** for the practice. Existing plans at that time (and still now) seemed like bribes using large discounts to hold onto patients, rather than a sustainable way to improve relations with patients and simultaneously improve profitability. We couldn't find any plans that didn't seem like win-lose, with the practice the loser.



For a while, it seemed impossible to improve profitability with a membership plan, rather than just give away discounts in a race to the bottom. But when we analyzed the cost to a dental practice of cancelled and failed appointments, collections losses from not getting payment in advance, and especially the high cost of insurance, both in administrative work that insurance companies outsource to our practices and the losses from fee cuts by PPO contracts and denied claims, disallowed treatment, re-submissions, etc.; we saw that a membership plan could increase profitability just by eliminating or reducing those losses.

The most glaring fact that we already knew, but hadn't quantified, was that

insurance is the cause of the greatest loss of profits in a dental practice. Even before factoring in PPO contracts, the losses are huge. For example, the average practice needs an additional admin assistant just to handle insurance. There's also the indirect harassment of the dentist from insurance company employees telling patients their dentist's fees are too high, or the treatment choice is wrong or unnecessary, or they should find an in-network dentist instead. The bottom line cost to a dental practice of accepting insurance is staggering, and we four were more aware than ever, and fed up.

So it became quickly obvious that patients *without* insurance are costing the practice far less in overhead just by not having insurance. If we could also remove the losses from cancelled or broken appointments and from unpaid accounts, these uninsured patients as a group would be pure gold! And what if we could convince them that even without insurance they can still afford treatment? And not have to get an insurance company's permission to get the treatment they want? Suddenly, we saw halos above their heads and angels singing!

With that in mind, we also realized the inherent unfairness of the inequitable handling of insured patients vs. uninsured: the uninsured patients, who cost the

practice the least, are paying the highest fee while the insured patients who are costing much more are getting lower fees simply because their insurance company refuses to pay the regular fee.

At this point, it became clear that we could make the practice more profitable with membership if our discounts (benefits) were less than the losses we could prevent from failed appointments, lost collections, and insurance administration. In other words, we didn't have to collect more from members to raise profits, we only had to reduce the losses.

At the time (and perhaps still), conventional thinking on membership plans was to discount 20-25%. Practices were convinced that they had to have that big a percent to be attractive to patients, but that amount is a profit-killer when average overhead is 70%.



From our analysis, we could see that benefits of 10-12% would allow for increased profit, but we, too, worried that it might seem like a token amount to a patient. So instead of quoting a percent, we found it is much better to state the benefits in dollar amounts. (\$150 off a crown sounds better than 10%.)

Well, in practice, patients loved it. They are highly appreciative of these fee reductions; and more so because they are not perceived as a meaningless handout; patients feel they have earned their benefit; and they have.

So now we had a plan that worked: it increased practice profits and made our patients very happy. We could see a growing effect from patients feeling more like 'insiders' and loving not having to pay at their hygiene visits, almost as if their visit were free. Of course, there were details to figure out, such as bookkeeping puzzles to solve. But it was seeing these results that brought us to the point of deciding to make our plan available to others. We'd experienced firsthand how well it was working.





Now many years in, we've seen that what we created is much more than we expected. It wasn't until after we found ourselves with several hundred members each, that we realized we had inadvertently transformed all of our five dental practices!

Our practices were changed by transforming enough patients into ideal patients that they were now the predominant group in our day-to-day practice experience. Each practice saw significant improvement in these objective numbers: bigger cases, more cash patients, higher case acceptance, fewer insurance hassles, zero PPO insurance, fewer broken appointments, steadily rising production and collections, better compliance with hygiene intervals, and increased patient referrals.

But the real transformation that was a direct result of those concrete objective improvements, was a subjective abstract change: a whole new atmosphere in the office.

Having had our practices transformed by DenVantage, we, the partners in DenVantage, want these amazing benefits of transformation for all of our clients.

And if you are reading this and aren't yet a client, you can become one easily (and for free!). Just call Meg at (207) 266-8434 and get started transforming your practice.

*The DenVantage partners:*

*Kevin Devine, D.M.D.*

*David Pier, D.M.D.*

*Daniel Steinke, D.D.S.*

*Ted Morgan, D.D.S.*



# *Transform your Practice in Five Steps!*

DenVantage can transform your practice. It's not rocket science, it's risk-free and you don't need to buy anything, or get new credentials, or even watch another webinar. It's deceptively simple, yet hugely powerful. Just do the five steps, stay on track, and your practice transformation will begin from that moment.

**And if you're like me, you don't believe it. Yet...**





## **What is practice transformation?**

It's filling your practice with more and more of your ideal patients and fewer difficult patients. Because in a practice full of your ideal patients, there are happier patients, happier team, more joy and more harmony, and yes, more income. Your practice becomes a great(er) place to go to work.

## **Who are these ideal patients?**

Undoubtedly you've heard of Pareto's Principle, the 80/20 rule. In dentistry, it would say that 20% of your patients account for 80% of your business. It would also say that a different 20% of your patients cause 80% of your problems. The ideal would be to eliminate the 20% causing problems and have more like the 20% that bring more business. Transformation is doing just that, and more.

You may add to my definition of an ideal patient, but I include any patient who:

1. Says 'yes' to treatment
2. Keeps their appointments
3. Pays in advance
4. Doesn't have insurance claims to file
5. Returns and refers

You undoubtedly already have patients like that. But **when *most* of your patients fit this description, there is a pervasive difference throughout the practice** that you can *feel*. Everyone is more relaxed, less stressed. Efficiency goes up, lost time goes down. It's the feeling of the practice firing on all cylinders.

Here's a concrete example with a bit of arithmetic to explain why there is such



a dramatic change. Imagine you have **500 DenVantage members**: by being members, each of them comes in at least twice a year for their hygiene, and with perio patients, the average will be more like 2.5 visits per year. That means **there are 1250 visits per year** where there is a reduced risk of cancellation or broken appointment and no longer a need to collect money at the visit. If you are open 200 days per year, that is more than **six fewer money transactions per day** for your admin team and fewer times they have to try to fill a last minute opening in the schedule. And six patients a day who are happier because they feel like their visit is free.

Another shift that we see that contributes to the transformed atmosphere is that DenVantage members, who pay a monthly amount based on the number of hygiene visits per year, are **motivated to keep their appointments**, not just because they signed the agreement, but so they get all of their visits within the year. Rather than the admin team having to chase patients to get them into the

schedule, the burden is shifted to the patient's side, where it rightfully belongs. It is also easier to get a patient to schedule an appointment on short notice if they know they won't have to come up with the money for the visit. This all adds up to making life easier for the scheduling coordinator.

### **It's more than just a feeling.**

The example of freeing the admin team from hundreds of collection and scheduling events is just the tip of the iceberg of change in the practice. What makes this strategy the quintessence of “no-brainers” is the economic outcome: **the business reason** to do this. Lightening the administrative load is just one of the overhead-reducing factors built into DenVantage, which alone are enough to pay for members' fee reductions and increase your bottom line. You save by having fewer broken appointments, no billing and collection expenses, and, by far, the biggest savings of all: **not** having insurance claims to file and follow,

along with the unpaid claims, reduced payments, and delayed payments from insurance companies.

**Overhead reduction adds to your bottom line just as certainly as added collections**, but tends to be invisible and not as sexy: there is no check coming into the practice labeled “overhead savings”. We dentists tend to focus on production numbers; a few of us focus on collections, but business people focus on expenses and profit.

### **Overhead reduction isn't sexy, what's exciting about DenVantage?**

The most unbelievable part of DenVantage membership that made it the most profitable addition to the practice I've ever made, was something we discovered long after DenVantage was created.

We decided to run statistics on **case acceptance**. We simply looked back at various six-month periods and the total treatment completed on all patients during that interval. Then we separated them in three groups: uninsured with no membership, insured, and DenVantage members. The average amount of treatment per patient in the DenVantage group for the



three time periods we checked was **2.5 times, 3 times, and 4 times as much as for the other two groups!**

Incidentally, this also showed that having insurance does **not** result in any more treatment acceptance than having no insurance with no membership: those two groups, insured and uninsured without membership, each accepted about the same amount of treatment on average, a fraction of what members accepted.

**Don't let imagined Obstacles stop you now...**

Some obstacles only reside in your



head. These need to be overcome to allow you to fully embrace the transformation that is possible with DenVantage.

### **Imagined obstacle #1: Write-offs are bad.**

Are they always? With DenVantage, the write-offs are **determined by you**, not shoved down your throat by an insurance company. They are savings **earned by the patient**, not a loss to your practice dictated by an insurance contract. The more you succeed at growing your membership, the more you will write off. The amount written off serves as your gauge of progress, and bigger is better as long as you've structured your benefits properly. **You control your fees and your write-offs.** (This will be addressed more fully in Step 3 below.)

### **Imagined obstacle #2: Thinking you need to be selective.**

It will be tempting, at first, to think that certain patients who never complained about fees in the past can be selected out of membership and still be happy to pay the standard fees. Or maybe you have a well-meaning team member who will see the amount written off as an unnecessary loss

that can be avoided by only offering DenVantage to certain patients who 'need' it to stay in the practice.

**Being selective is a sure way to inhibit growth of membership and prevent transformation of your practice.**

You also run the risk of those good uncomplaining patients finding out you excluded them from membership with the savings they could have had. You will never realize the full impact of higher treatment acceptance if you don't offer DenVantage at every opportunity.

**Imagined obstacle #3: Believing there are no uninsured prospective patients in your area with money to pay for dentistry.** It may be accurate to say there aren't many in your practice yet, but that can be changed. **50% of Americans have no dental insurance.** They are not just



the unemployed; they include small business owners, employees of small businesses, and professionals who work alone or in small groups. And they are in your area! Many of these prospective patients stay away because they believe they can't afford dentistry unless they have insurance, or even that you won't want to see them if they don't. Or their main obstacle may be finding the time. Do you have convenient hours? You can connect with these people in your community through business groups and service organizations as well as targeting them with your marketing. Let them know they are welcome, *even* if they don't have insurance. They need to know you have an **affordable alternative that's better than insurance**. Your practice can become *the place to go* for those who don't have insurance.





**It wouldn't have to be half this good...**

***In your transformed practice, you'll have more patients who accept more treatment, keep their appointments, pay in advance, and reduce your overhead by not having insurance to file. And you'll have fewer difficult patients, lower stress, and happier patients and team. How much better would it have to be to do this five-step strategy?***

**Here are the steps:**



# One:

**Form a clear vision.** You need to know what you are trying to build to know if you are succeeding. **“Start with the end in mind”.**

When was the last time you sat down and tried to picture vividly what the practice of your dreams looks like?

**Allow yourself to dream unhindered by what you think is possible.**

Dream from your heart; **what is your heart’s desire for your practice?** Focus on your future practice, ask yourself: “if I knew I couldn’t fail, I would...” Include, who is on your team, what type of patients, what type of services you provide, what your facility will look like, feel like. Write it all down. Look at it frequently and edit it if you need to; it’s yours. This, then becomes a guide for making decisions: always ask, does this choice move us closer to our vision?





*"Form a clear vision"*

**Does your team know your vision?** Share it with them! This is a must! Are they excited to be part of achieving it? It isn't, nor does it have to be, their vision, however, it must be congruent with theirs. Your vision realized should get them closer to theirs.

Once you have a clear vision, **do you have a plan?** You will need specifics. Quantify and set goals. How are you going to reach any of the aspects of your envisioned practice? Is your team motivated and rewarded for reaching the goals?

DenVantage is only one tool in your quest to reach your vision; doubtless it will help. Your team will be more motivated to incorporate it if they know how it fits with reaching your vision and goals (and their bonus).

*Disclaimer: We're not saying DenVantage is **all** you need to realize your vision. But any vision for your practice is likely to incorporate aspects that are influenced, enhanced, and improved by the effects of DenVantage on your practice. DenVantage will not overcome poor leadership, lack of teamwork, inadequate facility, or poor communications.*



**These aspects of your practice will be improved with DenVantage. Are they part of your vision?**

- **Higher case acceptance; larger case size; more dentistry per visit**
- **Reduced cancelled/failed appointments**
- **Prepayment for all dentistry**
- **Patients agreeing to pay a re-scheduling fee if they cancel last minute or fail**
- **No billing, no insurance filing, no delayed insurance payments**
- **Patients taking responsibility to stay on their hygiene interval; no more 'stretching' the interval, or dropping out; hence, healthier patients**
- **More patients scheduling needed 3-month and 4-month interval for perio maintenance**
- **Higher patient retention**
- **Decreased overall dependency on insurance**
- **Fewer insurance-driven patients**
- **More patient referrals**



*"Understand your tools"*

# Two:

**Understand your tools.** The un-used or under-used tool is no better than the expensive armamentarium that is sitting on your shelf collecting dust (we all have some, right?). To use this tool (DenVantage), **you already have everything you need.** Adding a DenVantage member is as easy as “would you like to know how you can save money on your treatment?”. It actually sells itself because you are doing the patient a favor, saving them money. Each patient who becomes a member is agreeing to become an ideal patient. Enough ideal patients and your practice will be transformed!

## **Understand what DenVantage is *not*:**

- It's not a discount giveaway program or savings plan
- It's not a loyalty program
- It's not 'just' a membership program
- It's not a last resort means to keep a patient in the practice

## **What DenVantage *is*:**

It's a carefully designed ***contractual win-win agreement*** between you and your patient in which the patient EARNs benefits while saving money for

your practice that you share with them by way of reduced fees.

This is key. It is a **two-way street**: you give something to the patient (reduced fees, no limitations on 'covered' treatment, convenient payment method for membership, including 'free' preventive); and the patient gives back a promise to keep appointments, pay in advance, and not bother you with insurance claims. The patient who understands this values their earned DenVantage benefits more than they would value a discount handed to them.

**What DenVantage is becoming:** with our small business division, DenVantage is an alternative to dental insurance for businesses. With infrastructure already in place, DenVantage is poised to help your practice grow even more by tapping into this market.

Your practice will benefit in all the ways listed above because of what the patients have agreed to do **in writing**: to be ideal patients! They pay you directly for care. They pay in advance. They keep appointments. They don't have dental insurance. The absence of a third party not only saves your

practice money and aggravation, it transforms the relationship between you, your practice, and the patient.

**Your biggest financial gain** with DenVantage will come from increased case acceptance. Treatment acceptance results of 2-4 times as much as insured or non-member patients are actually not difficult to achieve if you simply offer DenVantage membership during case presentation and financial arrangements with *every patient*. After quoting your usual (non-member) fee, show them how much they will save on this treatment as a member. *(This may happen with insured patients, too, if they have large treatment plans where member benefits are more than expected insurance benefits. In that case, you would simply ignore their insurance and handle them just like an uninsured patient.)*

Since the DenVantage agreement includes payment in advance for all dentistry beyond preventive, there is **no additional discount for prepayment**; it's already built in. Since most practices offer 5% prepayment discount, this offsets much of the member fee reduction.

With **DenVantage**, your patient, your practice, and you are all winners. When you fully grasp that, ***why would you not want every patient in your practice to be a DenVantage member?***



### **A few special uses of your DenVantage 'tool':**

- Emergency patients: convert them from emergency patients to loyal patients immediately
- New patients: bond them immediately to your practice
- Failed appointments: fewer (not zero) complaints about paying the fee they agreed to pay in writing
- Large cases: patients are more likely to do the full treatment due to the savings. Eliminate risks to patients from deferring treatment.
- Patients retiring and losing insurance: simple, better alternative than individual insurance policies for these patients
- Patients complaining about a fee increase: give them an opportunity for lower fees than they had before
- Patients complaining that you are not 'in network': offer an alternative that is often more cost effective
- Perio patients: complete flexibility for additional maintenance visits per year, freedom from insurance rules
- Patients who have 'freebie' insurance with their Medicare Advantage plan: show them that 'free' with deductibles and co-pays can be more expensive than DenVantage

Are you fully utilizing this tool in your practice?

# Three:

**Make DenVantage part of your practice DNA: present it to every patient:** *every new patient, every emergency patient, every existing patient without insurance, every patient who is unhappy with their insurance, and every patient with a large treatment plan poorly covered by their insurance. Even patients satisfied with their insurance should know about DenVantage.*

***Transform your thinking before you can transform your practice.*** *You must be convinced that every patient who joins your plan increases your profitability and takes your practice closer to transformation.*

**Eliminate any tendency to be selective** in who is offered DenVantage membership because this requires pre-judging patients and the result will be your membership doesn't grow to a level of transforming the practice.

Remember that the DenVantage reduced fee is compensation to the patient for what *they* are doing; it's an earned benefit totally opposite the discounts forced on you by PPO plans. These are uninsured, cash patients



*"Make DenVantage part of your  
practice DNA"*



who most deserve a preferential fee, and they are saving your practice more on overhead cost than you are paying them in benefits when you compare to insured patients.

Your practice will collect more, have more treatment accepted, when you adopt the attitude that every patient (without insurance) **should** be a member. If they aren't, why in the world not? People say 'yes' more when they are getting a 'deal'; when they know they are getting your best fee.

When a patient becomes a member, they are making a commitment to your practice for a minimum of a year. So now they won't disappear after the initial visit and will be far more likely to become one of your



happy patients.

**DenVantage eliminates the unfairness to your patients inherent in dental insurance.** Patients with insurance are more likely to feel entitled, to complain, to blame you for insurance that doesn't pay as expected, and to be less appreciative of your care. Then there is all of the work of filing and following up claims for which you are not compensated and have to pay an employee. Why should your cash patients without insurance have to pay more for their care than an insured patient who costs you more and does nothing to earn or deserve a discount??? DenVantage gives the fee advantage to the patients who deserve it.

**These advantages collectively will be worth more actual collected dollars in your pocket than the benefits you give the member patients.**

*"Plan a fee strategy for  
your practice"*



# Four:

**Plan a fee strategy for your practice.** A majority of dentists probably wish they could raise their fees but are afraid of consequences. Initiating DenVantage offers a perfect opportunity to implement fee increases while shielding you from dreaded patient complaints.

Look at your fees and answer this question: would you be happy taking less than your current fees if patients paid in advance and guaranteed to keep all appointments, and had no insurance to file? If no, your fees are too low (and if you take insurance, you are already taking less - from the wrong patients). **What fee would you be happy with from these ideal patients?** Hopefully you would be at least ok with a few percent less than your current regular fee.

For an example, let's say you'd be ok with 5% less. If you make that **your DenVantage net fee**, while raising your overall regular fees 5%, you could be giving DenVantage members a 10% benefit, while increasing your revenues overall\*. Your new 'regular' fee, would be 5% more than it was, and 10% more than your DenVantage net fee. This new 'regular' fee is what you quote as your normal fee to all your patients and insurance companies;

and the one that your DenVantage savings will be deducted *from*.

Whenever presenting fees to a member patient, it is recommended to always present the regular fee followed by the DenVantage benefits (savings).

It is important to always communicate DenVantage benefits to patients in dollar amounts, not percentages. The reasons are:

1. The dollar total is a bigger number than the percent, so patient perception is of a greater benefit.
2. A dollar amount for each procedure allows for different benefit percentages on different procedures based on profit margin variances or procedures you want to promote.
3. When you raise or adjust fees overall, there is no need to change the benefit amounts (unless you decide to). You don't have to re-write your schedule of benefits on brochures and website, for example, every time you raise your fees.

Plan your fee strategy in the context of deciding which patients *deserve* the





lower fee and allowing the patients who cost you more and create more work, to pay more. Otherwise, it might feel like you are artificially raising your fees to discount them, like a furniture store. If you've established that your business requires your fees to be raised, and you realize who your most valuable patients are, it is a simple matter to adjust fees and DenVantage savings to be more fair to those who earn a lower fee by saving your practice money. Please give serious thought to this; it is a key concept to prepare your mind for transformation.

**“What if patients complain about fee increases?”** It’s a perfect opportunity to say; “I understand your concern. Would you like to hear how you can actually have *lower* fees than before?” Using the example above, this patient, instead of having the fee increases, could be offered membership with 5% lower fees.

**We do not advocate raising fees unless you need to/want to but were afraid to.** If your fees are keeping your profits too low, you owe it to yourself and your team to set your fees in a businesslike way, not based on fear.

**Foresee the obstacles:** Realize now, and educate your team, that as your membership grows and patients accept more treatment, you will see a growing amount written off in your books for the DenVantage fee, as already mentioned. Your accountant or admin staff may become alarmed, but this is good news if you remember that it shows a growing number of members are accepting a growing amount of treatment. You will see your



production and collections rising also, far in excess of these write-offs. This means you are making progress toward transformation.

The first part of the transformation will be inside your head in how you look at the fees and benefits. Ultimately, you will think of your members as paying the regular 'fair fee' while your insured patients are paying a 'fair premium' for the additional time and expense they incur.

*\* Your fee increase of regular fees need not be the same percent as the fee reduction for members, to maintain revenue neutrality. In the example given, with the member net fee 5% below current fees, plus a 5% increase of all regular fees, you would see a substantial revenue increase. Keep in mind that initially, only a small percent of your patients are members getting the preferential fee. So if 10% are members paying 5% less than current, while the other 90% pay 5% more than current, the net gain in revenue would be 4.5% overall. As your member population grows, there will be more patients getting the member savings, and each of them on average will be doing more treatment, so you will need to re-analyze from time to time.*

*"Track your numbers"*



# Five:

## **Track your numbers, monitor progress.**

To stay motivated and see your progress, you will need tracking. It's easy to lose sight of steady gradual change without statistical evidence to make it objective and concrete. This is a task that will require a 'mother'; someone who is accountable for keeping it up to date.

**Track the amount of treatment completed per patient** for a certain time period such as six months, in each category: insured patients, uninsured patients, and DenVantage patients.

**Track total number of members** in your practice, set goals, and consider rewarding team members who sign up DenVantage members. Report new members daily in your huddle. To motivate your team, share your vision of what your practice will look and feel like transformed.

**Track broken and cancelled appointments,** plus referrals and reviews by category.

Talk with your team and celebrate the changes in the atmosphere around the office as you approach critical mass of members; the intangible benefit

that comes with transformation.

**So what's stopping you from making this journey to transformation?**

Maybe this common obstacle: the failure to grasp the counter-intuitive fact, known to all consumer-based businesses, that giving patients reduced fees will result in a higher bottom line when it is done with a carefully designed structure; and that the higher bottom line is the *least* of the rewards of transformation.

**Is your practice ready for transformation? If you are eager for a practice where every patient is a DenVantage member, you're ready!**

# WE WOULD LOVE TO WORK WITH YOU

## *Contact Us*



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## *talk to you soon*