



Dental practice and dental insurance

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Dental practice and dental insurance

Many articles that deal with dental insurance and dental practices emphasize the antagonism between private practice and dental insurance. However, dental insurance is a reality. It has become widespread enough that dental practices should work on understanding how to manage dental insurance-related activities.

In 2001, among independent (that is, owner) general practitioners and specialists, the majority reported that their patients had private insurance: 64.0 percent and 62.2 percent, respectively.¹

Of dental insurance plans, dental preferred provider organizations (PPOs) have seen the most significant growth, tripling the number of dental patients from 20.4 million in 1996 to 61.8 million in 2002, according to a joint report by the National

Association of Dental Plans and Delta Dental Plans Association.²

MANAGING DENTAL INSURANCE

While individual dentists have little control over the type of dental plans sold to employers,

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dentists do control how they manage the practice. Participating in dental plans has certain advantages and disadvantages. Insurance plans can lead

to increased patient volume but also to lower reimbursements for services provided.

Taking advantage of the explosive growth in PPO patients requires dentists to create more efficient systems in the practice. Without addressing in detail the need for efficient systems, a properly trained dental team, effective communication skills and financial controls, dentists must understand that efficiency will be an increasingly important factor in the successful financial performance of a dental practice.

Each practice should consider a checklist of approximately 10 to 15 key driving forces that need to be streamlined and made more efficient to manage insurance properly. Management of dental insurance is the process of creating an operational structure that recognizes that a majority of patients today are covered by a dental plan and that the practice

needs to be streamlined to handle this situation accordingly.

I am not advocating either participation or nonparticipation in dental plans. Instead, I wish to stress to dentists the need to deal with the growth of dental insurance and PPOs as a fact of life, and with the fact that they are here to stay.

This necessitates a changing model that should address certain key performance drivers such as

- patient flow;
- types of procedures provided;
- percentage of practice that consists of elective services (services not covered by dental insurance);
- speed of procedures;
- return on investment of technologies;
- collection percentage;
- hours of operation;

- purchasing of supplies and equipment.

When all of the key drivers are considered, it certainly is possible to create a more efficient practice in most cases using better business models. Where in the past dentists may have been comfortable with the income produced by the practice, even though it was not reaching practice potential, these same dentists may find in the future that the income is lower due to greater control of fees through third-party sources.

SUMMARY

The time has come for dentists to recognize that the dental insurers, as an outside factor, must be considered when designing a practice business model. The same efficiencies that would be well-placed in any business now need to be considered carefully in a dental prac-

tice to keep income from being reduced. Fortunately, there is a great deal of opportunity to increase practice efficiency and maintain or exceed the current level of financial performance. ■

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The views expressed are those of the author and do not necessarily reflect the opinions or official policies of the American Dental Association.

1. American Dental Association, Survey Center. 2002 survey of dental practice characteristics of dentists in private practice and their patients. Chicago: American Dental Association; 2004.

2. Testimony to the Subcommittee on Civil Service and Reform, U.S. House of Representatives Committee on Government Reform, by Mr. Jon Seltenheim, Chairman of the Board of NADP, Feb. 24. 2004. Dallas: National Association of Dental Plans; 2004:11. Available at: "reform.house.gov/UploadedFiles/Seltenheim_NADP.pdf". Accessed July 11, 2005