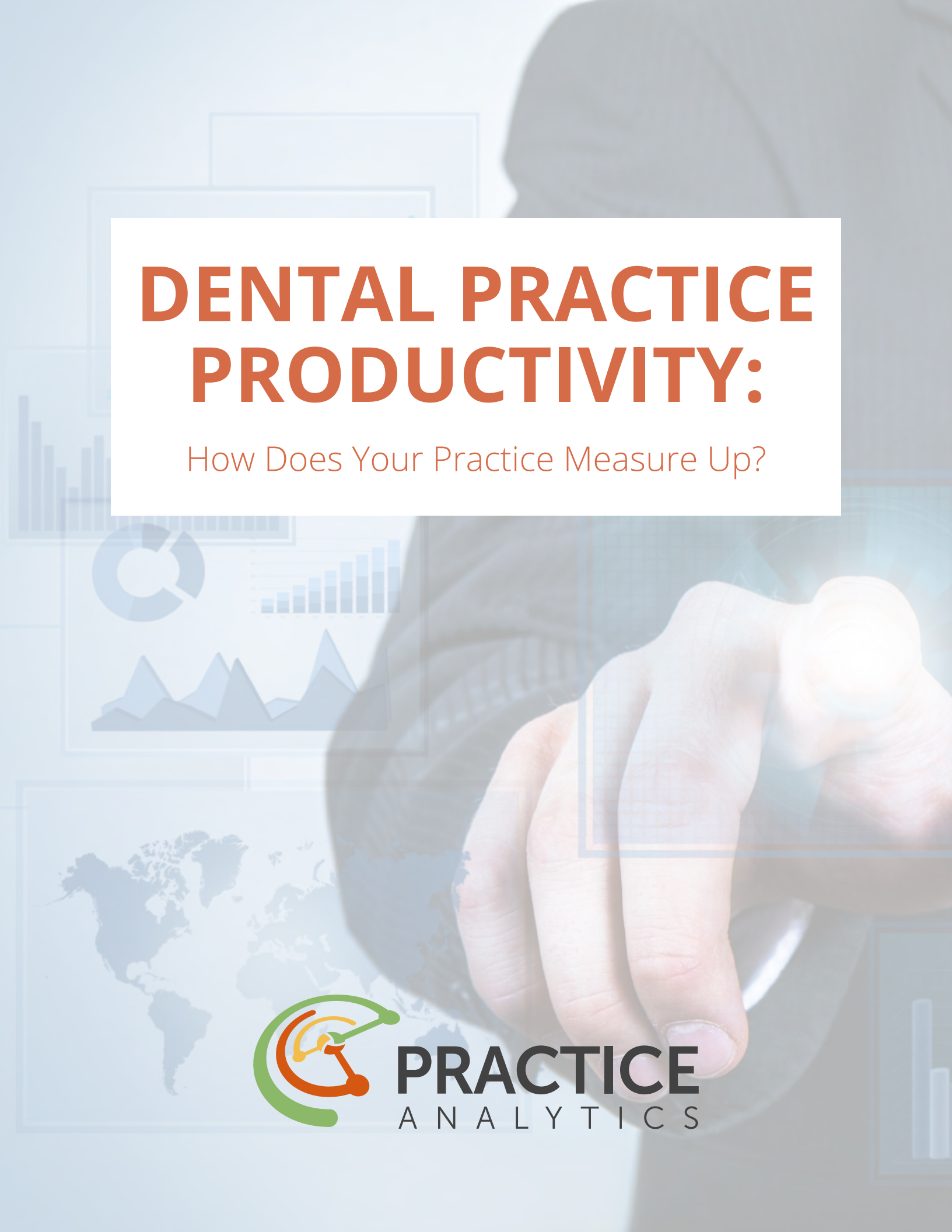

DENTAL PRACTICE PRODUCTIVITY:

How Does Your Practice Measure Up?

PRACTICE ANALYTICS

Part I

Three Driving Forces Behind Every Successful Dental Practice

Running a successful dental practice requires balancing the incredibly complex and varied segments of the business.

The clinic is the driving force of any dental practice. The practice requires managing patient services, such as hygiene and restorative treatments, while maintaining the supplies and equipment that keep the practice running day-to-day.

Once patients enter a practice, the front office must then provide support, schedule appointments, collect money due and coordinate with insurance providers, while also generating timely reports and finding time to conduct any marketing a practice needs.

Finally, a dental practice is still a business, which means keeping a collective eye on overhead, profitability, fees and how to better optimize key components of the practice going forward.

In order to gauge the success of a dental practice, dentists need a system in place that allows them to determine whether these three aspects of the business are working as efficiently and productively as possible. Failing to accurately judge a practice's strengths from its weaknesses can make achieving profitability a struggle. Considering the current state of the dental industry, underachieving single-provider dental practices may find it difficult to succeed financially.

Dental Practice Income on the Decline

Dentists' income has seen a consistent drop since 2005, according to a new study from the American Dental Association's Health Policy Resources Center (HPRC). The HPRC's study found that the primary reason behind this significant decline was a drop in dental visits. Simply put, patients have been going to the dentist less frequently, a trend the HPRC notes that started back in 2003, predating the economic downturn associated with the country's latest recession.

46% of dentists indicated a negative feeling today about the financial state of their practice.

As part of the study, the researchers examined the average net income levels of independent practitioners between 1981 and 2009. Using data collected from the ADA's annual Survey of Dental Practices, which polls a random sample nationally of between 4,000 to 7,000 private practice dentists, the HPRC found that income levels had dropped by 11.5 percent from 2005 to 2009.

Not surprisingly, a decrease in patient appointments has left many dentists feeling less optimistic about the future of dentistry than before. A recent Dentists' Economic Confidence Survey conducted by the ADA found most dentists were pessimistic about the overall economic conditions relating to their dental practices.

According to the survey, approximately 46 percent of dentists indicated a negative feeling today about the financial state of their practice, and that 40 percent indicated negative feelings about what economic conditions would be like six months in the future. Overall, a prevailing feeling has overtaken many private dental practice owners that suggests little optimism for immediate financial improvement.

Part II

Understanding Dental Practice Analytics and Business Intelligence

Dental Practices Data Analytics and Business Intelligence

A variety of industries have turned to data analytics and business intelligence solutions to provide a detailed understanding of a company's internal data using tools and techniques like data mining, performance monitoring, reporting and benchmarking to improve decision making, increase profitability and to identify new avenues of business.

The healthcare industry in the U.S. ranks as a recent leader in adopting data analytics as a means of improving clinical quality, reducing costs and improving day-to-day effectiveness of running a practice.

The dental practice management software tools developed by Practice Analytics were inspired from the concept that data tells a story. Where data exists, there's usually untapped information waiting to be discovered and utilized.

Most dental practices that use a practice management system have no shortage of undiscovered data that could be better utilized and leveraged. Unfortunately, finding that data usually means combing through far too many reports with no clear direction on what to look for.

At Practice Analytics, our online dental practice management software tools streamline the information found deep inside a practice to uncover data that can help dentists better manage their businesses. Our software was developed to break down a dental practice using simple tools that focus on highlighting the three key components of the business: the clinic, the front office and the business itself.

The Clinical Module

The Clinical Module of our dental office software solution focuses on what remains the core of every practice – treatment and appointments. This is an area where a dentist and his or her staff can really drive production and help improve and grow the business. In order to do that, a close understanding is needed of how effectively and efficiently the dental clinic is running.

The clinic can be separated into two key programs: **restorative & hygiene**.

The clinic can be separated into two key programs: restorative and hygiene. Management of these two programs needs to be measured and kept separately from one another. A practice's restorative program should focus on production drivers, such as case acceptance and productivity, while the hygiene program becomes a driving force behind the restorative program and the most sustainable aspect of the practice.

Using our online Clinical Module, staff can track key performance indicators that help drive the clinical side of the business using a simple and easy-to-use dashboard. Our dental software tools allow both doctors and staff to actively manage and improve performance by identifying the patients behind their own performance.

For example, restorative utilization – the percentage of time a practice's restorative chairs are in use – has many driving factors. Treatment scheduling, total number of procedures offered, and case acceptance all factor in how frequently each chair is used. Each of those driving factors has a targetable list of patients that tie into chair utilization. The Clinical Module software has a positive impact on production by identifying those patients that will increase the amount of time the restorative chairs are in use.

The Front Office / Morning Huddle Module

While the Clinical Module helps to increase production, the Front Office / Morning Huddle module of our dental practice management software tackles the administration side of the buvsiness by focusing on three strategic areas: scheduling, collections and insurance, and patients.

Most practice management systems on the market today can assist dental office managers and staff with patient scheduling. Unfortunately, they don't offer much assistance managing how or where to schedule patients. Multiple reports are required just to track down patients that need to be scheduled. The Front Office Module assists office staff with identifying patients who need to be scheduled depending on the need in the practice. Most importantly, Practice Analytics' software can help identify patients that are more likely to schedule, which reduces the amount of time staff needs to spend calling patients to fill appointments.

So while production remains paramount in importance, the ability to collect fees is still a vital part of any practice's success. Monitoring collections and targeting specific patients through the Front Office Module will enable staff to collect on fees and strengthen the practice. The module recognizes opportunities by optimizing insurance benefits and by tracking income channel performance.

Three strategic areas: scheduling, collections and insurance, and patients.

Finally, in order for a practice to remain stable and expand, patient flow must continue to grow. New patients rank as the biggest source of production. The Front Office Module will help managers and staff better understand where new patients are coming from. Understanding the production of new patients will clarify marketing effectiveness and focus marketing channels on areas of growth and opportunity.

The Custom Business Module

The Business Module further expands on both the Front Office and Clinical Modules to pull together the data hidden deep in the practice management systems of most dental offices.

Considering the advanced and complex nature of the dentistry industry, practice owners need analysis that delves beyond just what happens in the clinic or behind the front desk. Our Business Module offers flexibility and a detailed approach for managing the little details that help the big picture components of a practice thrive.

Custom reporting provides an integrated approach to managing the protocols and processes each office operates under, while audit analysis can help identify lost opportunities for production from staff, as well as find mistakes with insurance and collections that can easily improve a practice's profitability.

Profitability analysis leverages financial information from tools like Quickbooks to identify overall profitability, but more importantly, procedural profitability. Some procedures carry incremental costs above and beyond regular expenses. Understanding those opportunities can yield additional profit throughout the practice.

The data analytics and business intelligence solutions that utilize the three main modules of the Practice Analytics dental practice management software provide invaluable advice and insights regarding clinic performance, reporting, tools and techniques to use for business analytics and benchmarking, all from a convenient and easy to use dashboard control.

These types of business intelligence solutions can greatly improve a practice's business by focusing on areas such as fee optimization, minimizing no-shows, and, most importantly, patient retention and recall rates.

How to manage the **little details** that help the **big picture** components of a practice thrive.

Part III

Production Opportunities Throughout the Practice

Having an effective recall system in place is one of the primary concerns of running a dental practice today.

Offices can employ a variety of recall systems, and most existing practice management software handles recall differently. However, any recall system works only as well as the people responsible for its management.

Most dental practices average between 60 to 70 percent hygiene recall rates, which is typically lower than most dentists assume because they don't have a sufficient way to track their practice's true recall numbers. When used by hygienists and staff, Practice Analytics' dental practice management software creates a 15 to 30 point improvement in recall rates by utilizing improved patient tracking and appointment systems.

Most dental practices average between **60-70%** recall rates.

Of course, improving patient recall takes more than just having an efficient system that allows for improved scheduling, it requires staff to work at pre-appointing a patient's next hygiene appointment. Practice Analytics tracks patients who fall out of their regular hygiene schedule for each hygienist. Tying patients to providers helps create a sense of ownership and patient accountability for the hygienist.

Patient Messaging and Recall Systems Improve Retention

An active pre-appointing system offers increased production and creates a better recall system that will help improve the efficiency of any dental practice. Practices that make a commitment to correctly pre-appointing patients and actively tracking those patients see benefits in production and chair utilization. .

Practice data shows a 10 to 15 percent increase in patient retention tied directly to improvements in a practice's recall program. By ensuring that 25 to 30 more patients per month stay on their appointment schedules, a practice could enjoy a $4,000 to $5,000 improvement in incremental production (based on an average hygiene productivity of $175 per patient).

Improvements in a practice's recall program show a **10 to 20%** increase in patient retention.

Retaining an additional 25 to 30 patients a month in the hygiene recall program also has a direct impact on a practice's restorative production. Practice benchmarks suggest that 20 percent of exams result in the need for restorative treatment averaging $500 per patient. Restorative production from improved recall would then potentially create an incremental increase of $2,000 to $3,000 in production per month.

When Pre-Appointment Fails

When pre-appointment fails to schedule a patient's next appointment, a series of inefficient and time wasting events are set into motion in an attempt to recapture the missed recall opportunity.

After six months, a staff member gets the daunting task of running down these missing patients in order to schedule their next appointment. While necessary, most office managers have little love for this

Only **1 in 20** calls actually connect with the patient and result in a scheduled appointment.

task, as it offers little reward for a lot of effort. Before a patient call can even be made, research must be completed to determine if an existing balance is due, what type of appointment does the patient's insurance allow, does the patient need x-rays, when was the last hygiene appointment and how long should this next appointment last? Then the staff members need to call all phones numbers listed on file and leave a message at each one.

In most cases, only one in 20 calls actually connect with the patient and result in a scheduled appointment. An effective recall system requires staff to actually get into touch with patients, not simply hope that a message is eventually returned. Unfortunately statistics show that best times for actually reaching a patient on the phone is between the hours of 5 p.m. to 8 p.m., well after the close of business for most practices. This just highlights how much more efficient pre-appointments are to the recall process and the value of using reappointment software when scheduling patients.

Recall and patient retention rates rank as some of the most vital systems a practice can integrate into its operation. The key to running a successful recall program is to make the running of the program a routine task. It's incredibly easy for patients to fall through scheduling cracks and for the resulting revenue of those patient visits to be lost. While most patients don't bother to keep up with when to schedule their next continuing care appointment, almost all treatment results from recall appointments. This is why it's crucial to ensure a solid recall system is in place.

Raising Case Acceptance

Once a patient is in the dental chair, the next step to running a successful practice is to increase case acceptance rates. Once informed of the treatment needed, finding a way to convert even a small portion of patients from "Let me think it over" to "Let's get started," offers a significant boost to a practice's bottom line.

The best way to increase the number of patients who say "yes" is by investing in their comprehensive exams. The practices with the highest productivity utilize the full potential of every staff member by educating patients and gathering information, while the doctors spend time examining and diagnosing the state of a patient's oral health.

The best way to increase the number of patients who say **"yes"** is by investing in their comprehensive exams.

It's not just telling patients about their oral health problems that can help improve case acceptance rates, either. Our data shows a five percentage point improvement in case acceptance rates when dentists use intraoral images to help illustrate the oral health concern they're discussing with a patient. That small improvement in case acceptance can yield a quick $5,000-6,000 improvement in production.

As the old adage goes, "A picture is worth a 1,000 words" really rings true for many dental patients. Providing patients with a visual tour of their mouths helps to promote awareness. Intraoral pictures, along with exams, provides staff members the opportunity to discuss treatment options with patients and answer any questions they may have.

Perio is an Underserved Goldmine

Becoming aware of the current state of their oral health remains a key part to getting patients to say yes to case acceptance. Patients can't agree to a solution for an oral health problem they don't even know they have. In many instances, a practice can hurt its case acceptance rates by failing to inform patients of necessary treatment.

According to studies conducted by the Centers for Disease Control and Prevention, nearly half of all Americans suffer from some degree

of periodontal disease, and that 60 percent of patients who visit the dentist once a year suffer from some form of gum disease. These numbers remain consistent with studies conducted by the Levin Group that show over 70 percent of all dental practices fail to regularly conduct full mouth probing and recording.

Approximately **10-15%** of hygeine patients go under-diagnosed

By failing to catch and inform patients about their gum disease, practices miss easy opportunities to improve on case acceptance rates. Based on available benchmarks, approximately 10 to 15 percent of hygiene patients go underdiagnosed. (Practice Analytics identifies underdiagnosed patients by using the perio chart and ADA guidelines.) Assuming a practice sees 250 to 300 patients a month, this number translates to 25 to 30 patients in need to treatment a month going undiagnosed. With perio fees of approximately $300, a practice could increase its revenue by $7,500 to $9,000 a month.

The Right Information is Key

Today's practice management systems contain tremendous amounts of undiscovered data that could be better utilized and leveraged to drive production. Tracking what patients do (or not do) will help offices identify several production opportunities within the hygiene and restorative programs. Adding up those opportunities can yield an incremental production opportunity as high as 20-25% of today's production.

Having the right information is key to maximizing production opportunities across the practice. Leveraging that information will improve overall performance for hygienists and doctors by helping them understand and be accountable for what drives the overall success of the practice.