

DRIVING DENTAL PRODUCTION:

Proactive action that will help increase
profitability and production.



PRACTICE
ANALYTICS



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Introduction

Over the last four years, approximately 75 percent of dental practices have experienced a drop in production, according to a study conducted by the Levin Group Data Center. While some of this lost production can be attributed to the economic downturn felt by millions of families across the U.S. due to the financial crisis of the late 2000s – a 2013 Gallup poll found that 3 out of 10 Americans skip medical care due to cost during times of recession, while a Consumer Reports survey published the same year found that 45 percent of Americans skip out on medical care and prescriptions due to costs – the majority of this lost business is due to a number of changes that are currently reshaping the dental profession.

Dental practices now see fewer new patients walk through their door than ever before, case acceptance rates have dropped among existing patients, and reduced insurance reimbursements have made maintaining profitability problematic for many private practices.

To compete in this changing landscape, dental practices can no longer function without a proven business model that provides them the tools needed to navigate these new challenges. Simply trying to wait out the current downturn experienced by the dental industry is a losing proposition for any practice looking to keep its doors open. Instead, dental practices need to take proactive action that will help increase profitability and production.



Part I



The Production Cycle

A dental practice is an incredibly complex series of interconnected pieces that all need to work in harmony for a practice to maintain profitability.

The front office needs to ably handle patient support, insurance claims, collections, scheduling, reporting and marketing, while the clinical side of the practice handles the responsibilities of hygiene care, restorative work, equipment maintenance and maintaining stocked supplies. Overseeing all of this, the business component of a practice needs to consider overhead, fee analysis and practice optimization when trying to determine overall profitability.

At the heart of any practice, however, remains the patient. That's why at Practice Analytics, we have developed ways to closely monitor the Production Cycle in order to measure performance and accountability in any practice.

The Production Cycle begins at the hygiene appointment. At the moment when a patient finally sits in the chair, a practice must begin to measure several factors to determine production. How long does it take to complete each hygiene appointment? How many hygiene appointments does a practice have scheduled in office each month? During that hour with a patient, how much does a dental hygienist actually produce? What overall percentage of total production is spent on hygiene rather than say restoration or cosmetic procedures?

Following a hygiene appointment, two possible outcomes should occur from any one patient. First, no matter the patients' overall oral health, the front office should always set the hygiene appointment, whether it be for another regular hygiene appointment or a possible periodontal related appointment. Second, if the patient suffers from any of a number of oral health concerns, a treatment plan is created leading patients to restorative work.

In either outcome, the patient is scheduled to return to hygiene in coming months. When the patient returns, the outcomes are the same. There may not be restorative needs at this point, but the patient is then scheduled for their next hygiene appointment. The cycle continues with the hopes that every patient returns for the upcoming hygiene appointment.

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Industry standards suggest practices lose 10 to 15 percent of their patients annually. According to the Production Cycle, if that were the case, the practice would eventually have no patients left to treat. However, new patients regularly enter the hygiene schedule to potentially make up the lost production of those patients who have left. Those new patients then continue through the Production Cycle generating additional production. For most offices, it is a challenge to balance between new patients coming in and patients becoming inactive and falling off the schedule. Monitoring the Production Cycle closely becomes hugely important to managing growth at the practice.



Part II



Driving Production Within the Cycle

The Production Cycle is a complex system to monitor. Practices must understand how production is created throughout the cycle in order to identify what to monitor.

Beginning with hygiene, Total Hygiene Production is based on how productive a hygienist is given how much time they spend with their patients. Hence, the hygiene productivity, as measured on an hourly basis, multiplied by the number of hours patients are treated by a hygienist yields the Total Hygiene Production.

When determining the Total Restorative Production, a practice must first look at their average treatment plan per exam. For problem X, a practice recommends treatment plan Y. But to gauge production, a practice needs to know how much of that treatment plan is actual-ly accepted and completed by the patient. Case Acceptance, or how much of a proposed treatment plan a patient accepts, has a variety of factors, including cost, comfort with the treatment plan, and insurance coverage. Total Restorative Production is the byproduct of the Average Treatment Plan, Case Acceptance and the total number of Exams.

Practice Analytics then combines the data collected from Total Hygiene Production + Total Restorative Production to determine Total Office Production. Understanding how production is created in the Production Cycle not only identifies what to monitor, but also allows practices to see into the future and predict production.

Starting with the hygiene appointment and using the production data collected, we can define the three driving factors behind the Production Cycle: Utilization, Productivity and Future Production.

Production Drivers: Utilization

The **biggest constraint** against production is the number of chairs available.

As with any business, how a dental practice utilizes its resources can greatly determine overall production. Since the resources of a dental practice revolve around patient care, the biggest constraint against production is the number of chairs available. A dental practice that has access to an unlimited number of new patients is still limited in its production by how successfully it utilizes the number of available chairs.

To determine utilization, we use the following metric for analyzing both hygiene and restorative chair utilization: $\text{Total Patient Time} \div \text{Available Chair Time} = \text{Utilization}$. So, for example, scheduling 36 patient hours into 40 available chair hours will result in a 90 percent utilization of available resources. Obviously, the closer a practice comes to utilizing 100 percent of its available resources, the higher its profitability.

Production Drivers: Productivity

Once a practice determines its resources, the next question becomes how to maximize the highest amount of production from every available patient hour and what obstacles must be overcome to ensure peak productivity.

When examining hygiene productivity, services like prophylaxis, peri-odontal procedures, fluoride and even hygiene related products become important to watch. Conversely, for restorative productivity, some main drivers include the mix of procedures performed; the percentage of production related to crowns, implants, and other specialty procedures and what percentage of treatment cases a practice refers out.

Overall, productivity is a function of treatment planning and case acceptance. While a practice can only treat the needs that walk into the office, productivity relies more heavily on movement in case acceptance.



Production Drivers: Future Production

When trying to determine what future production opportunities exist, a practice needs to examine several available factors including things like case acceptance, hygiene recall rate, retention rate and perio diagnosis.

Once again, since patients drive every dental practice, increasing case acceptance rates can have the greatest single impact on overall future production. Even marginal improvements in case acceptance rates can pay significant dividends in driving production. For example, a 1 per-cent increase in case acceptance can lead to an average improvement of 3 to 7 percent in overall production.

Another vitally important driver of future production is a practice's average recall rate. At Practice Analytics, we have found that most dental practices average a 65 to 70 percent hygiene recall rate among patients. However, improving that number as high as 85 to 90 percent helps to drive hygiene utilization, patient retention and the overall production needed to ensure profitability.

Dental practices average a **65-70%** hygiene recall rate among patients.

Part III



The Impact of Hygiene Reactivation

Practice Analytics sees patient retention over a two-year period ranging from 70 to 80 percent, aligning with other industry standards.

Due to the decline of new patients, dental practices can no longer afford to lose patients like they may have been in the past. It is impossible to maintain a 100 percent patient retention rate due to reasons outside of the practice's control. Practices lose the majority of their patients because they assume their patients will simply come back in six months. Due to the recent "Great Recession," many patients stopped scheduling dental appointments due to the potential financial strain they would place on already overextended budgets. Even patients with dental insurance still need to cover copays for most treatments, leading many to postpone dental services until absolutely necessary.

Patients who have failed to visit within the last 18 months are considered **inactive**.

In many practices, patients who have failed to visit within the last 18 months are considered inactive. Unfortunately, many practices consider these patients lost without ever trying to implement a reactivation protocol designed to bring them back.

Reactivation analysis shows that approximately 35 to 40 percent of patients who have not visited a dental office in the last 9 to 24 months are likely to make and keep a dental hygiene appointment when they are contacted directly. If a practice contacts 50 patients formerly considered inactive and schedules 15 to 20 hygiene appointments at an average hygiene productivity of \$150, their hygiene reactivation efforts could produce an improvement in production of \$3,000.



Once patients have reentered the Production Cycle, the next step typically following a hygiene appointment, especially for patients who have not received regular dental care, is restorative work. Restorative rates run on average at 20 percent. With an average restorative productivity of \$500 per patient, the impact offered by improved reactivation on restorative work amounts to another \$1,000 to \$2,000 in increased production.

Improved reactivation on restorative work can amount to **\$1000-\$2000** in increased production.

Improving Hygiene Reactivation

No one in a dental office still using paper charts or basic patient tracking software considers undertaking an effort to mine charts or hard to read reports to identify inactive patients. Busy front office staff already have their hands full dealing with calls, other staff members and patient interactions. It is highly unlikely staff will find the time needed to develop an efficient reactivation system under these conditions. Fortunately, Practice Analytics' practice management software makes it easy to identify inactive patients with just a few clicks of the mouse.

In real-time, Practice Analytics identifies patients in need of reactivation. An office's reactivation protocol can go into effect immediately. The most effective reactivation protocols feature several tiers when attempting to reconnect with inactive patients that include:

Start with a phone call. When calls are made during typical work hours, front office staff can expect to leave plenty of voice mails. To ensure consistency, a script should be written that touches on a few key points. The patient should be warmly greeted by name and told how long it has been since his or her last dental appointment. The staff member should then offer a choice of available dates or to find another time that better fits into the patient's schedule. Patients should then be instructed to schedule their next appointment by calling the office. It's important to slowly provide the number for the office and repeat it so the patient has plenty of time to write it down. The script should be read with sincerity to avoid sounding monotonous or unenthusiastic to increase patient engagement.

An example of this type of script would be:

Greetings, Ms. Smith, I hope you are well. I'm calling from Local Den-tal Practice and Dr. Johnson is concerned how far overdue you are for a hygiene appointment and oral cancer prevention screening. It has been over 14 months since we've last seen you. We have an available appointment for you on the 10th at 11 a.m. or on the 18th at 2 p.m. Which is more convenient for you? Please give us a call at ###-###-#### to let us know or we can find another time that fits your sched-ule. Again, that's ###-###-####. Thanks and we look forward to seeing you soon.

The postcard should feature a **warm greeting.**

If you don't receive a response after two weeks, send a postcard. As with the phone call reminder, the postcard should fea-ture a warm greeting, while also reminding the patient how long it has been since his last appointment. Make sure to include a contact num-ber or website address where the patient can schedule an appointment on the postcard.

Finally, if the postcard and phone call fail to connect, send a letter on office stationery. Even though the information in the letter mirrors what was included in the phone call and postcard, the formal quality of a personalized letter on office stationery can help to add an additional level of importance to the patient. Also provide a deadline in the letter where if the patient doesn't make con-tact, she'll be considered to have sought dental care elsewhere. This type of deadline doesn't terminate the patient relationship, but does seek to add immediacy to the patient reactivation.

Having 90 to 95 percent of available patients activated and scheduled would mean a dramatic improvement for any practice's production and revenue. Reactivating patients is an important first step towards that goal, and practices that invest the time and effort to implement an effective hygiene reactivation protocol are the most successful at maxi-mizing that potential production.



Conclusion

The importance of an effective business model that improves office production cannot be underestimated.

The scarcity of new patients and increased competitiveness within the dental industry has made running a successful practice more challenging than ever. Practices that lack the focus and commitment needed to survive within the changing landscape of the dental industry will have a difficult time competing with the competition.

At Practice Analytics, we can offer you the tools and resources necessary to take your dental practice to the next level by improving production and profitability.