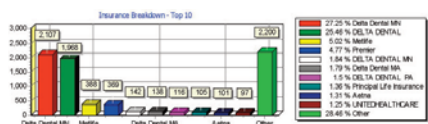


Managing The Information In Your Practice To Maximize Your Profitability

[PRACTICE MANAGEMENT]

Information is available to us in many forms and with increasing volume. In fact the digital age provides us with so much information at such a rapid rate, sometimes it's difficult to identify exactly what pieces and parts are the most important to make decisions and manage effectively. And there is still no sure cure for inconsistent information capture and missing or incomplete information. Have you ever heard the sayings, "too much information too soon, too little too late" and "garbage in, garbage out?" Living and working with electronic data subjects all of us to these problems every day. In your dental practice, it's critical to get a handle on your information mechanisms and even more critical to keep your data in check.

A young doctor I met recently had just opened his first practice with high hopes of opening satellite offices in the surrounding communities. He was very energetic and quick to tackle the challenges faced by a new business owner. We met to discuss a problem he was having with case presentation, specifically how to present the value of his dentistry and the associated reduced (PPO) fee. His goal was to show the patient that by coming to his practice, he/she would receive the best quality dentistry at a significantly reduced price. He was also struggling with identification of his net production. This doctor, let's call him Dr. Jones, has the XLDent practice management system and Gendex sensors with an Instrumentarium Novus panoramic as his digital technologies.



In relatively short order, I began collecting the information necessary to help Dr. Jones. My questions and Dr. Jones' responses are below:

Are you presenting treatment plans to all of your patients? *Yes.*

Are you doing so with your digital technologies and visual presentations?

Yes. I use my intraoral camera on every patient and show them pictures on the screen. When I present a difficult case I also show them the digital x-rays and the chart so they can see exactly which teeth I'm talking about.

Are you attempting to maintain a fee for service practice or are you contracted with PPO's?

I'm working with PPO's and this is how I'm going to proceed with my satellite offices.

How many PPO's are you currently contracted with? *10.*

Have you entered the PPO fee schedules into your XLDent system?

Yes....I think so...but sometimes my numbers don't come out right so I'm not sure.

Are you processing secondary insurance and does your front desk staff know how to handle coordination of benefits.

No, we tell patients they have to process their own secondary insurance and what do you mean by coordination of benefits?

I'll explain COB's in a minute. One more question first. Do you record each PPO payment and each PPO adjustment with a unique tracking code?

No, why is that important?

Dr. Jones was already utilizing XLDent and ImageXL to involve his patients in their care, and to visually present the case and need for treatment. He was having difficulty presenting the financial aspect of the process. We discussed XLDent's treatment plan report and how he wanted to show the patient his fee, the contracted PPO fee, and the estimated patient's portion. I explained that this was all possible with XLDent, and really quite easy to implement. We just needed to make sure his staff was consistently and accurately entering the benefit structures for each PPO plan. The old adage "garbage in, garbage out" was at work here. After explaining the mechanisms in XLDent that would help him achieve his desired result, we set up time to train his staff. I went on to suggest that this was a perfect opportunity to establish a SOP (Standard Operating Procedure) for creating benefit plans in the system and presenting treatment plans to patients, so that as his practice grew in patient volume and staff consistent results could be expected.

The next problem to tackle was getting a handle on gross versus net production. Because Dr. Jones was already contracted with 10 PPO's and likely going to contract with more, it was very important for him to see his estimated net production on a daily basis. In addition, analyzing actual collections and adjustments would be increasingly important as he grew his practice around the PPO framework. The old adage "too much too soon, too little too late" was also at work in his office. Again, we discussed the mechanisms within his XLDent software that would help him manage his practice for profitability and success.

Phase	Code	Treatment	Tooth / Surf	Status	Value	Contract Fee	Pat. Portion	Ins. Est I
1	D2393	Resin-Based Comp - 3 Surf, Post	13 MOD	Pending	347.00	148.00	29.60	118.40
1	D2393	Resin-Based Comp - 3 Surf, Post	14 MOD	Pending	347.00	148.00	29.60	118.40
Phase Totals					694.00	296.00	59.20	236.80
2	D2750	Crown-Porc fused to High Noble	02	Pending	1,114.00	716.00	358.00	358.00
2	D2750	Crown-Porc fused to High Noble	31	Pending	1,114.00	716.00	358.00	358.00
Phase Totals					2,228.00	1,432.00	716.00	716.00

Dr. Jones was looking at his Estimated Net Production Report on a daily basis, but was not analyzing his actual collections and adjustments at the end of the month. He was not tracking this information by contracted PPO and was not in tune with patient composition as it related to the PPO's. The daily gross and estimated net production reports were providing lots of generalized information. What he needed to do was capture the data so that he could analyze the details. We immediately set up payment and adjustment codes that would allow him to track these details and also pointed out reports and data capture mechanisms within XLDent that would allow him to further identify PPO patient composition. No one likes to write off money, so by starting to record and analyze the details he could start getting a better handle on which PPO's were profitable and which were not. In addition, processing secondary insurance on behalf of his patients and instituting a coordination of benefits SOP could potentially increase his

bottom line by thousands, if not 10's of thousands of dollars a year.

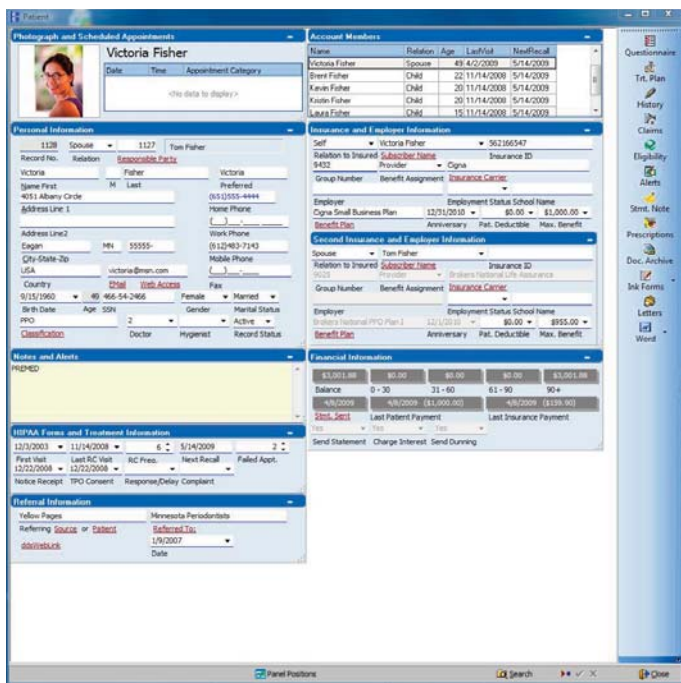
During my conversation with Dr. Jones, we also discussed reviewing his audit reports on a regular basis and establishing certain policies for making bank deposits and paying credit cards bills. In addition, we talked about performing random spot checks of patient history, patient statements, and the outstanding claims reports to not only keep staff on their toes, but more importantly to keep them honest. All too often, new practice owners forego establishing critical policies and procedures to safeguard their business. Instead, they leave these decisions to the office manager who may or may not segregate financial duties for proper, traceable internal control. If the practice does succeed under this type of loose control after its first year in business, it is likely that it will fall victim to embezzlement, fraud or some type of misappropriation in its next 10 years in business. That is why it is crucial for dentists to

not only establish the policies, but to actively enforce the policies. Expect staff to be accountable and challenge them to produce traceable answers when things don't add up. If Dr. Jones reviews the key indicators presented by his XLDent practice management reports on a regular basis, he will be able to keep things in check and on target.

Data is meaningful only when it equates to valuable information, the information necessary to manage.

The key is to make sure you are capturing and consistently inputting the data necessary to produce quality information, and then to focus on the mission critical elements that will help you manage your dental practice for success.

*Dawn Christodoulou,
President PEB XLDent*



Date	Patient Name	Code	Treatment
4/23/2009	HAYDEN	CI5	Delta Adjustment
4/9/2009	HALLE	D0120	Periodic Oral Evaluation
4/9/2009	HALLE	D1120	Prophylaxis - Child
4/9/2009	HAYDEN	D1120	Prophylaxis - Child
4/9/2009	HAYDEN	D0120	Periodic Oral Evaluation
3/4/2009	DOUGLAS	P1	Payment - Check
3/4/2009	DOUGLAS	CR3	Finance Charge Adjustment
3/2/2009	DOUGLAS	ZSP	Service Charge

Treatment Type	Applied Value	PC
Provider: All		
Insurance Adjustment		
CI1 Insurance Adjustment	-85.00	0.4%
CI2 Medical Asst Adjustment	-2,196.25	10.0%
CI4 Premier Adjustment	-1,672.35	7.6%
CI5 Delta Adjustment	-18,043.58	82.0%
Totals	-21,997.18	16.4%