GOING NON-PAR: WEIGHING THE OPTIONS

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As the New Year approaches, it is the season when many of us take stock of ourselves and our goals, reviewing the year just past and making resolutions to do better in the future. That applies to dental practices as well as our personal lives. It's a good time for dentists to analyze their practices, looking for ways to do things more effectively, efficiently and profitably.

One issue many doctors have considered recently is whether a dental practice should consider dropping participation with insurance companies. "Going non-par" is tempting for many doctors. Changing your participation status can have a huge impact on your business, but there is a lot to consider before you make a final decision.

What is driving the force?
First, examine your main objectives for going non-par. Is it to raise fees and/or be reimbursed at a higher level? If so, remember that insurance participation is just one of a large number of variables that affect a practice's bottom line. Simply dropping participation will not automatically raise your profits; there are too many other issues to consider.

Another reason some practices consider going non-par is the perceived ability to create a treatment plan based on a patient's need, rather than his or her coverage. Third party control over treatment creates problems for both doctor and patient, as the insurer decides what's reimbursable and what isn't. The yearly policy maximums have to be watched closely since just a single crown on a tooth and a cleaning can sometimes put patients over their yearly limit. Some dentists argue that non-participation would allow them to do the work that needs to be done on that mouth at the time it needs to be done.

However, most doctors I've spoken with list escaping from the oftentimes overwhelming hassle of dealing with insurance companies as the main reason they are interested in non-participation.

Doctor, know thy practice
Before making any decision about going non-par, dentists need to know as much about their practices and patients as possible.

First, look at the longevity and relationship aspect of your business. Insurance non-participation usually works best for established practices with solid patient relationships — those that will sustain even if you cease taking insurance, and put the financial burden back on the patient. In our experience, it is nearly impossible for a new practice or new owner-doctor to go non-par. They simply don't have the patient relationships firmly established to stand the test of such an important change.

Second, study your competition. If you live in a small town with few other dentists, your decision to not accept insurance is less complicated than if you live in a metro area with dozens of other practices in close range. Typically, more successful non-par practices are in smaller or mid-sized towns with well-run offices and solid collections policies. These doctors know that what they may lose in volume because of non-participation can be made up with stronger marketing efforts. In metro areas, patients have considerably more options for their dental care making it easier for them to find another practice that does accept their insurance.

Finally, analyze your patient data. Does your practice serve high or low socio-economic areas and patients? How sensitive is your patient base to their co-pays? What percentage of patients carries dental insurance? As a rule, a practice with a low percentage of insured patients, or alternatively, people who don't worry much about co-pays, you're in a better position to go non-par than a practice where the opposite holds true.

Pump up the volume

Patient volumes in many areas of the state are declining radically. Along the I-75 corridor, some practices are seeing anywhere between a 10 and 20 percent drop in revenue due to the harsh economic times. For practices in these areas, dropping insurance participation would be a hugely risky venture. Count on losing a greater proportion of your insurance patients to your competitors, especially if you are counting on raising fees more than ten percent.

Some dentists argue that to make up for the lost volume, they would increase their fees; they argue that in going non-par they may lose some patients, but the remainder would make up the revenue by paying higher costs. In some cases, based on the competition in the area, that could work. But for most, raising fees is chancy. When you raise fees and no longer take insurance, some patients are likely to go looking for an alternate provider — bringing you right back to the question of making up lost volume.

In a typical Catch-22 fashion, it's often this initial loss of revenue that spurs many dentists to consider going non-par. Their thinking is that if they could get reimbursed at their regular rate (and not the insurance-set rate), they would be able to reap the same revenue with a smaller patient base. Unfortunately, that's too simple an analysis for a proposition with so many variables.

Financial policies and collections

Regardless of whether or not you go non-par, your office should have a solid financial and collections policy. If you don't have one, you need one – soon – especially if you're suffering from declining revenue.

Too often, a dental office's "financial policy" is just a patchwork of procedures and rules developed on the fly by front office workers. A good financial policy sets in place expectations for payment schedules, details how you will work with patients who need financing and how you will handle those who haven't paid their bills within a specified time frame. A good policy sets expectations and lays down rules, and can increase your collections rate significantly.

Having a financial policy is essential for those practices who do not participate with insurance because all the money for their fees comes directly from the patient. While it is true that the insurer will reimburse the patient if the paperwork is completed and filed correctly, that doesn't necessarily mean the patient will pay what he or she owes. In many cases, going non-par increases collections activity and bad debts, which will mean a greater effort by your office staff to recoup payment.

Fortunately, there are several payment options dental practices can offer their patients to help finance procedures. Options include recurring credit card payments, monthly automatic withdrawals from checking accounts and even outside financing offered through your office. Some offices may now need to consider offering different in-house financing plans based on their relationship with the patient if you do not already do so.

Putting the burden on the patient

By not participating with dental insurance, you must be aware that you are putting the burden of payment solidly on the patient. And while many patients have the best of intentions, they are not as familiar with insurance forms and policies as you and your office staff.

One of the best options for practitioners who go non-par is to continue to draft the paperwork for the insurance companies, and submit it to the third party carrier as well. Make it clear that it's the patient's responsibility to pay for dental care regardless of what his insurer reimburses. You and your staff will still have to handle the initial paperwork, but you no longer have to make follow up calls and work through their system: that's left to the patient.

Going non-par is a big decision, and not one to be made lightly. Look closely at your underlying reasons for wanting to go non-par. Examine your practice, its competition and financial policy. Determine how far you're willing to go to attract and keep new patients. That way, you'll be better able to determine if going non-par is right for your practice. Your New Year's resolutions will be more realistic and likely to succeed.

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