ORTHO2

Get Away from Giveaways

by ***Char Eash***

I was in an office in the Midwest and a team member brought to my attention the fact that an orthodontist in their community had presented in the local newspaper a $1000.00 coupon for any person who would begin treatment in their practice. The question from the treatment coordinator to me was, **"How do we compete with that fee?"** My answer to her was be competitive not by dropping fees but by creating profitability through other systems.

I have seen some crazy fee adjustments in this unfriendly economic environment that seem to make no sense at all. No matter what a practice does with their fees when treating a case, it must be profitable. Otherwise, you are far worse off than not treating the case at all! It is bad enough that the general dentists have taken a portion of the orthodontic market by undercutting fees and providing orthodontic services as a weekend warrior. To even think an orthodontic specialist would drop a fee so dramatically as to have starts but no profit is crazy! The fee wars in orthodontics have been there for as long as I can remember. Even before this downturn with the economy!

Let's take a look at how you set your fees and stay competitive in this economic climate without putting the practice in the red!

When setting your fees please consider a comprehensive deband analysis. Ortho2 has provided the Deband Analysis report. When it is set up correctly, information needed to evaluate your fee schedule properly is at your fingertips. The deband analysis evaluates the value per visit you create when you treat each case.

The number of regular visits plus the number of emergency visits during the estimated treatment time divided by the quoted fee determines a dollar value. Each type of case will vary in the dollar value according to the complexity of the case.

For instance a standard case may vary from 10 to 15 visits over a 24 month period. In contrast the deband analysis may show that a case with impactions will have at minimum of 8 to 10 extra visits, sometimes within the same estimated months of treatment.

When the doctor or treatment coordinator quotes the fee, it must reflect the complexity of the case. I recommend setting your fee schedule in levels. Describe the levels not in months but in visits! Many times we do not have to raise fees to create profitability. You just have to quote fees properly according to the complexity of the case. Do your fees reflect the true cost of doing treatment?

An example of leveling fees may include Level I being on average 10–13 visits over an 18 to 20 month period. Level II complexity may include an additional appliance or impactions. This type case may present the standard 13 visits plus an additional 8 over a 24 to 26 month period. A Level III fee may involve missing teeth or requireinterdisciplinary communications. It is all in how you do the math—the number of visits will dictate the profitability of each case. The leveling should be defined for Adult and Child treatment types to ensure accuracy.

The thought behind some of the new mechanics and brackets speak of decreasing visits. The months in treatment may be the same, but if there are fewer visits the profitable for each case will certainly increase.

It is important to make sure when the Treatment Coordinator and the Financial Insurance Coordinator are challenged with fee comparisons they have the right scripting at hand.

> *"Our goal is to provide quality orthodontics at a fair fee! Our fees are based on the complexity of the case,*

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the months quoted are only a vehicle for payment and an estimate of treatment time."

"Our practice does not compromise in quality, our patient's experience, infection control or the most updated technology. Our Doctor is an orthodontic specialist who strives to provide an end result of lasting smiles!"

Also, make sure before defending fees you are comparing apples to apples. Many times these large discounts are presented with the records and retention as a separate charge.

Don't raise fees—look at your discounts! Cap all discounts at 8% to gain profitability. If you are giving a professional discount no other courtesy should apply.

Look at your phase II discount level. Phase II fees after review of many debond analysis reports generally play out as a complex standard or Level II fee in visits. Phase II discounts should be capped and the correct full fee should be quoted to complete this type of treatment.

Consider what you are giving away! Retreatment, retainers, and broken brackets alone add up very quickly. My suggestion is not to nickel dime patients it is to just charge fairly for the services you are providing.

Many doctors look at the fee that was charged to other family member's years ago and set current fees to reflect that. Beware of discounting fees based on work that was completed two years ago! All treatment fees should be based on complexity of the case with a standard sibling discount. When giving an additional discount please make sure the Treatment Coordinator has presented dollar amount in light of the current fees in writing! Many Orthodontists give away so many services without indicating this to the patient. What a missed opportunity to market the generosity of the practice!

Be competitive with your fees by first reviewing how you can charge appropriately and fairly for treatment without raising fees or giving it away! On average a Phase I fee is anywhere from $250.00 to $350.00 per visit where a comprehensive Level I value per visit may be $350.00 to $450.00 per visit. Please review all treatment methods to maintain a standard rotation, combine visits where appropriate, and reduce emergencies to increase the value per visit.

Do not fall into the trap of setting fees for less than it costs to treat the case! The liability for treatment you are providing has not changed. There are no shortcuts to profitability—it is all about systematizing the standard of care. Most of the time creating a profitable future lies in reviewing the past! Your deband analysis is the key to creating profitability through the evaluation of your treatment plan process.

About the Author

Char Eash strives to create systems that enable each team member to contribute at the highest level. At our 2010 Users Group Meeting she wiil offer a two part course "Building Your Family Care Program" and a session on customer service.

Char Eash is the founder and CEO of Profit Marketing Systems South, Inc., a systems and communication enhancement firm for the progressive orthodontic practice. Visit www.pmsconsulting.com, or contact her by e-mail at chareash@hotmail.com or by phone at (813) 891-6002.