



DROPPING REDUCED FEE PLANS

Action Checklist

NOTE: This checklist is being provided as suggestions and ideas from which to improve your office. This is not to be taken as a guarantee that the information provided is appropriate to your practice. Each practice is individually responsible for ensuring that any system implemented complies with the applicable federal, state and local laws, rules and regulations governing the place in which your practice is located. These suggestions do NOT constitute legal advice. You should seek advice from your own legal advisors as to what is appropriate to implement in your practice, prior to implementation. MGE: Management Experts, Inc. is not responsible for any claims, real or otherwise, associated with this document or any part thereof.

Dear MGE Client,

This **Action Checklist** is a series of steps designed to help you evaluate and move out of reduced fee insurance plans.

Before beginning this checklist, please read it thoroughly and get any questions answered before you begin implementation. If you are an MGE Power Client, call **(800) 640-1140** or email your Power Client Manager. If you are not, call or email Mike Menkhaus (mikem@mgeonline.com) or Dennis Dezelic, (dennisd@mgeonline.com).

Best,
The MGE Team.

START OF CHECKLIST

This checklist was made to assist you in the process of moving out of plans and towards a more fee for service practice! When done rationally and with all the facts to hand, this process can be smooth, and exceedingly rewarding for your practice.

How you go about dropping plans really depends on your *level of involvement*. If your practice is *heavily* involved, it may need to be done on a gentle gradient and take some time. Other factors that come into play include how many patients (total) your practice has, how effective your marketing efforts are, and how well you handle moving out of network so as to retain as many patients as possible.

1. **EVALUATE:** List the plans you currently take. Note for each:
 - a. Overall revenues the past year from this plan.
 - b. The plan's fee schedule with relation to your normal fees (i.e. how bad are the write-offs).
 - c. The number of patients in each plan.
 - d. Review the list. Determine which plan you want to drop first. You may want to start conservatively and drop one that is **not** a large source of revenues or patients. For

example, comparing two plans, you may find that plan “A” has terrible reimbursement, but it’s 40% of practice revenues, and plan “B” is only 5% of office revenues yet reimburses better. Based on potential impact, you may wish to drop plan “B” before tackling plan “A” (or any other plans you are involved with). The point here: don’t make this a stressful situation by putting your practice under heavy financial pressure. Start small and work your way up. As you drop more plans, you will develop a routine, work out the kinks and be more in-tune with what is needed as you start tackling the bigger ones.

2. **MARKETING:** You will lose patients as you move out of network. We target losing 30% or less and this is definitely possible if handled well. Regardless, you’ll need new patients! Ensure you’re set with your marketing efforts. Work with MGE, e.g. do the **New Patient Workshop**, and talk to your Power Client Manager if you’re an MGE Power Client to ensure you have this all squared away. Any new patient plan must include internal and external marketing efforts, along with making sure you have the availability to see new patients quickly (within 24-48 hours). You would also want to ensure that your Receptionist or New Patient Coordinator possess adequate phone skills to effectively handle and convert new patient inquiries. Phone skills training is available in the **Schedule Coordinator Module** on **DDS Success!** (www.ddssuccess.com), MGE’s on-demand online training platform.
3. **REACTIVATION:** If you’re like the majority of dentists in the US and Canada, you have a TON of patients that need to be “reactivated.” And by this, we mean patients who are overdue for recall. And they may be overdue for two months or two years! In addition to new patient marketing, you’ll want to push heavily on reactivation efforts to keep the schedule full and make up for any potential loss of patients when dropping plans. The **MGE Reactivation Program** is a useful tool in these efforts. The amount of employee time you’ll need to dedicate to your reactivation efforts depends on the number of patients that need to be contacted. If anything, reactivation efforts are also an excellent driver of practice growth.
4. **FILL OUT THE INSURANCE PLAN ANALYZER:** (www.mgeonline.com/client-live-stream-handouts) Now that you’re prepared to make up for any lost patient volume, it’s time to calculate the *impact* this plan you’ve decided to drop has on your practice. To use the calculator, you’ll need to:
 - a. Obviously, select a plan to analyze!
 - b. **Pick a time period that you’ll be evaluating** – i.e. all of last year, the first quarter of this year, etc. Pick a *recent* period – i.e. within the past year or two. All of the numbers you’ll be entering should be consistent for that period.
 - c. **Your gross practice revenues (collections)** for the period you picked in “b” above. Would include ALL payments – insurance and co-pays – made to your practice by all your patients.

- d. **Total patients seen in your practice for the plan you are evaluating** during the time period in “b” above.
 - e. **Gross revenues from patients in this plan during this period** – insurance payments and co-pays.
 - f. **Your full fee and the plan fee for 3, each of:** your most common Diagnostic/Preventive, Basic and Major procedures. (3 Dx/Prev., 3 Basic & 3 Major).
 - g. **Populate the Plan Analyzer** with the information you’ve gathered. The fields you’d fill out are highlighted.
5. **REVIEW THE INSURANCE PLAN ANALYZER:** Once you’ve filled out the form, you’ll be given some important analytics. Note these are *estimates* based on industry averages that we have observed for general dentists. And in some cases, your practice may be vastly different. In any event, the analytics under Sections IV-VI will tell you the following:
- a. **Section IV, Write Off Percentage by Category:** We’ve aggregated – based on your most common procedures and fees the average write off by Dx/Prev, Basic and Major procedures.
 - b. **Section V, Further Study and Breakdown:** Here, we’ve done a breakdown of estimated revenues (based on the industry average breakdown), by *category* of procedure (Dx/Prev, Basic & Major). We’ve done it for both your practice and the revenues from the plan you’re analyzing. The last two columns provide a little more insight. The column “**Full Fee,**” shows you what your revenues *would* have been if these procedures were done at your normal (full) fee. The last column “**Loss,**” shows you the revenue you lost, by doing these procedures at the plan fee (not to bum you out...but we have to look at these things).
 - c. **Section VI, Analytics and Estimates:** This provides the numbers you’ll need to start moving forward. After reiterating the lost revenue, revenue per patient, and number of plan patients seen, it shows you **how many fee for services patients you’d need if dropping this plan cost you 100% of the patients in it.** Notice that this number is *substantially* lower than the number of plan patients seen. And if you play your cards right you should NOT lose 100% of these patients. We have seen practices lose as low as 20% or less. And why not, you should retain them, they are your patients! Again, we’re looking to keep this loss at no more than 30%. Losing less of these patients is reflected in the rows that follow. Specifically, how many new or reactivated patients you’d need at full fee to replace a loss of 75% of the patients on this plan, 50% of the patients on this plan and 30% of the patients on this plan.
6. **DECISION TIME:** Based on your analysis, make a final decision as to dropping this plan! If you decided to proceed, move onto the next steps.
7. **PLAN CONTRACT:** Review your plan contract to ensure you fully understand the ins and outs of dropping the plan. Including what procedures to follow to notify the insurance

company and if there are any contractual obligations governing what you can and cannot say to patients.

8. **TEAM MEETING:** Brief the staff on what's happening and why. Work with them to develop:
 - a. A coordinated/cohesive message on how you'll handle any patient questions that may arise. You may also wish to develop a protocol on how certain questions or issues with patients in the plan are handled in the office. Ensure everyone is on the same page.
 - b. A protocol that covers what to do if a patient wants to leave the practice due to dropping out of network. For example, you may wish to have these patients speak with the OM first and so on.
9. **NOTIFICATION:** Notify the insurance company that you are pulling out of the network.
10. **INFORM YOUR PATIENTS:** Develop a series of three letters (each a little different) to send to your patients in the plan. Many patients have the false idea that when you "drop their plan," they can no longer see you as their doctor. Obviously, this is not true. Patients can see whatever doctor they like - if you're no longer in network, they will have less (or in some cases no) participation from their insurance company in paying for treatment. With regards to your letters, a couple of points:
 - a. Ensure they include the fact that your patient can remain a patient in your practice, and that you would very much like them to do so!
 - b. Make sure you include any information about how this change will affect participation from their insurance company as to reimbursement or costs.
 - c. Make the letters warm and friendly. And don't trash the insurance company in them— it won't make you look better!

If you don't move fast on this, the only notification patients will receive is from their insurance company. These notifications can create misunderstandings as to whether they can even remain a patient in your practice. We've seen this a lot – i.e. "Dr. Jones is no longer in the plan, please check our website for a participating provider", etc. Make sure your letters conform with any contractual obligations you have with the insurance company and send them out (hard copy) with two weeks between each. Duplicate this as an email and follow the same mailing schedule. Make sure you get these out quickly after officially informing the insurance company that you are dropping out.

11. **HANDOUTS:** Put together a notice similar to your letters that you can hand patients when they come into the practice, (following any COVID-19 protocols for patient handouts) if they had not received or read the letter.

12. **PATIENT DIDN'T GET THE LETTER(S):** If a patient comes in after you are officially “out of network” and informs you that they did not receive your letters or emails (and is surprised about the change), you may wish to honor the plan fees you used to charge for that visit. Up to you.
13. **VIDEO MESSAGE:** You may also want to make a short video message for patients explaining what’s happening and upload it to YouTube. Leave it as an “unlisted video,” meaning not available to people browsing your channel, you’d need a link to see it. You could include this link to the video in one or more of your emails.
14. **KEEP MARKETING:** You’ve amplified your internal and external marketing efforts – keep these up and increase even more as needed. Don’t get complacent. This includes regularly monitoring your schedule for immediate availability for new patients, and monitoring/correcting phone skills to ensure new patient inquiries are being handled well.
15. **REACTIVATION:** As with marketing, ensure your reactivation efforts are adequate and consistent.
16. **METRICS:** Ensure that you actively monitor the number of patients that leave the practice after dropping this plan. This is of **vital** importance. If you don’t you a) won’t have any idea how many patients are *actually* leaving, and b) anecdotal evidence may make it seem that more patients are leaving than *actually* are. For example, an angry call from “Mr. Jones,” saying he’s leaving may make the front desk feel like “everyone” feels that way. Proper metrics present the real, unvarnished outcome of your efforts. Ensure your team knows how to report these things and to whom so you don’t potentially miscount. Keep a running tally of your progress (patient loss, retention) and adjust (i.e. marketing, reactivation, etc.) as needed.
17. **EVALUATE:** You’ve dropped this plan! Well done. Evaluate the impact it had on your practice, including overall revenues, the schedule and so on. Based on your experience, note anything you’d change/adjust when dropping the next plan. When ready, decide which plan is next and redo steps 4-17 of this checklist for it. Make sure you continue to market and reactivate patients as you go! Do well!

END OF CHECKLIST