

Raising Fees with Confidence

Nobody likes increasing fees and that includes dentists. However, just like the sun, fees will rise. Overhead certainly won't decrease over the life of a practice, yet many dentists are afraid that if they raise fees patients will walk. Truth is, the only thing being sacrificed is profitability.

Keeping low fees are like a slow drain over time. The effects compound annually with every new piece of equipment purchased, staff salary increase and insurance payment adjustment. This path of diminishing profits can turn a pothole into a crater. This problem becomes more evident should you want to sell or bring a partner into your practice. Simply stated, when fees are too low it undervalues the practice. Also, when the new owner adjusts to meet the market, he or she may lose that loyal patient base they were sold on.

It's Just Business

Fees are a natural part of doing business. Every business must evaluate costs and adjust their pricing accordingly. That's true whether you sell shoes or root canals. Patients may not like it but they expect fees to increase over time. If the adjustments are small and the level of service remains exceptional, you'll likely not hear a peep. An increase of \$4 to \$5 won't have a huge impact on their pocketbooks but could have a significant impact on your bottom line.

If you think about it, raising fees is analogous to patients who procrastinate about going to the dentist. Waiting can lead to unnecessary and unintended results.

Overcoming Your Fear of Raising Fees

A practice owner should adjust their fees every 12 months. If you haven't raised fees in the past 12 months, schedule your fee increase today and make sure you do it at the same time every year. The ideal time to adjust fees is when insurance companies update their procedure codes, usually January of each year.

Besides a consistent yearly fee increase, here are some signs it's time to examine your fee structure:

- ◆ Your fees are the lowest in your area
- ◆ You have no idea how your fees compare to your competition
- ◆ You are falling short financially

Pretty simple right? And so is the process of adjusting your

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Optimize Your Practice

Optimizing your practice is the first step to maximizing value. Whether one is setting practice goals for clinical results, financial results, patient satisfaction, or exit planning, you must have a plan of action. Actionable plans and goals must be developed from real data. Goals without objective feedback are rarely attained and usually fall off the radar. Sound familiar?

Our Dental Systems Optimization services are designed to illuminate the blind spots and confirm best practices, provide a competitive edge, and implement necessary actions for success.

In This Issue

- Adjusting Fees
- Chef's Corner
- Employee Retention
- Dr. Darab—Podcast

Watermelon, Feta and Mint

Hot summer days will make this refreshing salad a favorite. Best of all, it comes together in just a few minutes.

Salad

- 8 ounces cold watermelon, cubed
- Mixed greens
- 4 ounces organic feta cheese
- 1 ripe avocado cubed
- 4 ounces toasted pistachios

Dressing

- Juice of 1 lemon
- 1 tablespoon honey
- 2 teaspoons Dijon mustard
- 1 teaspoon finely chopped mint
- 3/4 cup canola or olive oil

Make the dressing first and allow to chill. In a bowl, whisk lemon juice, mustard and mint. Begin adding oil in a slow, steady stream while whisking. The dressing should begin to thicken and become more viscous. Season with salt and pepper and more honey if desired.

Add a few tablespoons of dressing to a large mixing bowl followed by the salad ingredients. Toss until evenly distributed. Divide mixture onto 4 chilled plates. Add cold cubed chicken breast if desired.



The Beacon—Podcast with Dr. Darab

We are well into our 3 podcast series, hosted by our own Dr. David Darab, designed to crack the code on the most common financial statements given to practice owners. If you are familiar with our podcast, theBeacon, you know our focus is illuminating the blind spots.

Sure, you depend on your CPA to be the expert on financial reports, and that's O.K. But not knowing your blind spots can prevent your practice from reaching peak efficiency and profitability. Chances are, you already review these reports monthly, sometimes weekly. But do you fully understand what might not be so obvious? Our podcast series takes the guesswork out and replaces it with "plain English" education.

Your balance sheet, income statement, and statement of cash flows provide valuable information that is often missed due to an untrained eye. Simply delegating the understanding of financial statements to your accountant could be a very dangerous game. After all, it's your practice and no one cares about it like you do! You don't need to be an expert, but you need to know when and what to ask.

Fear not, Dr. Darab will not send you (mentally) back to undergrad days spent drifting off in accounting class. You'll hear no mention of debits or credits, no general ledger or trial balances, he keeps the math simple... it's perhaps the easiest way to become more in tune with your practice.

We've recently released the second podcast in the series: The 3 Profits of the Income Statement, Do You Know Them? You can find it on our website, omnistarfinancial.com or download it from the app store.

Understanding income statements is critical for the successful, business-minded dentist. While you may be looking at this statement more often than other financial reports, be sure you know what it is saying. For most, understanding the bones of the report is simple:

- TOP LINE: revenue or sales
- MIDDLE LINES: costs and expenses
- BOTTOM LINE: net profit or loss

Nevertheless, reading the report does not mean you know how to maximize profit? Spoiler alert, increasing sales has the least effect on net profit. Shocking, no? Listen for some insight on how to read your income statement so that you can better understand your practice and the road to efficiency and higher profits. In this episode he dives deep into the details of the deconstructed income statement, clarifies the notorious depreciation line item, and touches on the other points crucial to mastering the mechanics of the income statement.

Employees—Retain the Best

Turnover in dental practices can be a huge concern, therefore dentists are always seeking the best tools for employee retention. Today, practice owners can choose from a myriad of programs aimed at retention, but knowing which ones are best for your practice may not be so simple. Once you implement benefits, how long will it take before benefits are appreciated? Part of employee retention is quality benefits and the other part is providing the right education to build that appreciation and encourage utilization.

One of the greatest benefits across all industries are 401(K)s and other retirement plans. The Bureau of Labor Statistics reports that only 38% of the workforce participates in 401(K) plans, yet every employee wants to be prepared when they reach retirement. This discontinuity is due to employees not receiving proper education, advice or guidance to make adequate and informed decisions about saving.

In our experience, properly designed and implemented plans can be a very successful way to build loyalty. Unfortunately it

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fees. Why are so many dentists afraid to do it then? Here are three reasons—and just like the fear of going to the dentist, they're purely psychological.

Dentists' Top 3 Fee Fears

1. Approval Addiction – We all crave approval, but for many dentists the craving is even more acute. After all, they work in one of the few professions where customers will tell them to their face, "I hate the dentist." Do not let a desire to win approval lead to undervaluing your services.

2. Fear of Losing Patients – Most people don't take time to price shop for dental services. They initially go with approved providers, a recommendation from someone they know, or the convenience of location. Moreover, patients are loath to change providers as long as they receive good care in a friendly and comfortable environment. And don't forget, most patients don't want the cheapest dentist in town!

3. Fear of Criticism – We've established that patients don't really shop around, so what are price criticisms based on? They base it on what they could have spent that money on, for example, if they didn't have to get a crown, they could purchase a new TV. Just like any other medical provider you will always hear "you are expensive". It's important to work past this personal fear for the sake of your business. The fact is there are more emotions tied up in fee structures than most would like to admit—but first and foremost, it's a business problem.

What Should You Charge?

Every market and practice is different, but the questions you should ask are the same whether you are in pediatrics or endodontics, in New York or New Mexico.

- What are other offices charging?
- What does the procedure cost you?
- What is your time worth?
- How is insurance affecting your fees?

Insurance dictates the patient portion of a procedure. Once a dentist signs the contract with a provider, they have lost control of the fee. Writing off the patient portion of the procedure fee is also a big no-no. If you stomach the difference between your \$800 crown fee and the \$600 insurance will pay, not only are you missing out on earned profit, but you expose yourself to getting audited for insurance fraud. In the end you want to land on a fee that accurately reflects costs and profit margin and is consistent with your market.

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is a common misconception that the cost of these plans outweigh the benefits. However, the cost of turnover or low employee morale is nearly impossible to quantify. Still, it is not unusual for employers to miss the proverbial "forest for the trees".

We've designed an education plan focused on preparing employees properly for retirement through participation in offered 401(K) plans.

Not only do we provide professional assistance from the outset, but participants will also have access to a sophisticated, interactive planning platform.

Our Centralized Advanced Planning website, OmniCAP, reflects the employees entire financial picture, along with a dashboard that quickly displays how they are accomplishing their retirement goals, both short and long term.

The bottom line? Employees are committed when they feel their employer is dedicated to their long-term financial success. By providing the employee with this platform, they are able to visualize your dedication.

Contact us to learn a cost effective way to attract and maintain quality employees. We look forward to working with you and your team to accomplish yours and their professional and personal goals.

Tips for Managing Fee Changes

1. Do it every year – If your fees adjust a little every year no one is likely to notice except your accountant.
2. Don't do anything drastic – Even if you find your fees are way out of whack you can't jump from 40% of market to 80% overnight without turning off a lot of patients. Gradually increase 10-20% over a 2-3 year period to mitigate any negative perceptions.
3. Update fees procedure code by code – You might be OK on most of your fees and only need a few minor adjustments on a select number of procedures to get your overall percentage right.
4. Offer third-party financing options – Give your patients a variety of options to pay their bill, not just their insurance. It is recommended to have at least three different third-party payment options available to accommodate different patient financial needs.

Want to know more about raising fees without losing patients? Give us a call.



Scan here for our latest series on theBeacon!

Optimizing your practice is the first step to maximizing its value. Are you ready to grow? Learn more by visiting OMNISTARFINANCIAL.COM

Having the option to retire when and how you want. Having the time and means to enjoy new hobbies or new parts of the world. Leaving a legacy that serves your family mission. These, and other dreams only require imagination, achieving them requires much more.

Welcome to OmniStar.

