Where did the Production Go?

Many clients "give away the store" with excessive fee courtesies and/or they give periodic deals to get the patient started immediately. It's no wonder why they get upset when colleagues with the same fees have a much higher production. While deals are helpful in slow start seasons, giving away the store isn't. If you divide all of your $ charge courtesies by the total $ production for the month, your charge adjustments should be less than 3%. Too many of my clients are 10% or higher—in a $1.5M practice, this is a yearly drop of $150,000 in production (and net).

Sometimes a doctor decides to permanently cut back on Ph-I & Limited starts. This causes an immediate decrease in production since those patient starts are shifted into the future. A typical practice accumulates 16% of charges from Ph-I/Lim starts; so in a $1.5M practice this is a drop of about $240,000 for the year, and an immediate drop of about $20,000/month.

Sometimes, rarely, a practice has a run of low fee cases that only require 12 or 18 months of treatment. For example, if your 24-month fee is $6,500, your low fee cases may be 10% less (for the 12-18 month cases) causing a $10,000/month drop in that month's charges.

The above examples are typical of uncomplicated monthly production drops. By far, the most complicated production drops to figure out are those caused by poor control of fees and financial agreements.

A production drop can be caused by lack of fee and financial agreement control. The TC should have a "Fee Schedule" listing every fee and set of possible financial agreements for every type of Full, Ph-II, Ph-I & Lim and Invisalign start. To create one for your practice please go to the following link:
http://www.thebioengineeringco.com/index.php?option=com_k2&view=item&id=206&Itemid=766

It is important *who* sets the fee. Doctors who set the fee usually "give away the store" and thus, it is best for the doctor to set the *treatment* (type and months) and have the TC to set the *fee* using a proper "Fee Schedule". If you don't have a complete "Fee Schedule" then the needs doctor tell the TC the exact fee.

It is also important to have a set "fee courtesies" for multiple family members, referring dentists, etc., which should be built into your "Fee Schedule". If not set, your TC won't know what to do about courtesies and the doctor will be responsible for setting the courtesies causing a possible "give away the store" situation.

The TC should fill out the Financial Agreement and negotiate the initial payment within strict guidelines. Again, they should be part of your "Fee Schedule". The financial agreement should be entered into the computer by the bookkeeper, not the TC. This way, the bookkeeper can check on the TC's fees and financial agreements and discuss any irregularities with the TC and doctor.

The practice starts accepting "preferred provider" insurance that reduces the fees by up to 25%. Unless you are growing or need the income, this is a bad move because that 25% will reduce your net by 10-15%.

Non-contract (miscellaneous) fees should be set by the doctor, posted and collected by the bookkeeper and controlled by a third party (receptionist?) to make sure that they are under control. In the past, many doctors were losing up to $50,000 a year in miscellaneous fees, but that amount is much smaller now with fewer miscellaneous fees. The best control is to enter it immediately is into the computer in the clinic, or if not done, to initiate a two-part slip in the clinic that goes to the bookkeeper. Go to the following link to control your miscellaneous charges manually.
http://www.thebioengineeringco.com/index.php?option=com_k2&view=item&id=262:daily-cash-charge-control&Itemid=766

I hope that this helps you to figure out "where the production went".