

THE BIO-ENGINEERING Co.

Making Acceptable Financial Agreements

Understanding the Fee Schedule

The Financial Agreement stems from the treatment fee and thus, we must have the treatment fees under control to have the financial agreements under control. The doctor sets the treatment, but **the TC, using the fee schedule, sets the fees**. The doctor should have all of his/her treatments represented on the fee schedule – if not they must be calculated and entered into the Fee Schedule. Below is an example of the new Fee Schedule–2005. It was redesigned to serve your needs better for making financial agreements that help to get patients started.

FULL Fees:

The first five columns are the same structure as your old fee schedule, except that the “Appointments” column is left out. The example CHILD fees are shown below with their explanations following for columns 1 through 9. Columns 3 through 9 are the financial agreements offered to patients, depending on their Credit Rating (A is best rating, B+ is close to A, C is a worst rating and B- is close to C). The degree to which each financial agreement is offered is explained after the explanation of the structure of the 2005 Fee Schedule.

CHILD <i>FULL</i> Tx:										Fee Multiplier \$5.55			5.0%		2.0%		\$15	
FEE	Active	AVG IP			High IP			Spread-Out IP					Other Payment Plans					
CODE	Tx Fee	Mo	PMTS	IP	Mo	PMTS	IP	1st	2nd	3rd	MP	mos	Paid In FULL	Save	Credit Card	Extended PMT Plan		
C-12	\$3,780	12	x \$240	+\$900	12	x \$160	+\$1,860	\$650/ \$425 / \$305 + \$240 x 10					\$3,591	\$189	\$3,705	\$172 for 24 mo		
C-18	\$4,280	18	x \$180	+\$1,040	18	x \$120	+\$2,120	\$675/ \$425 / \$300 + \$180 x 16					\$4,066	\$214	\$4,195	\$157for 30 mo		
C-24	\$4,780	24	x \$150	+\$1,180	24	x \$100	+\$2,380	\$675/ \$525 / \$280 + \$150 x 22					\$4,541	\$239	\$4,685	\$147for 36 mo		
C-30	\$5,280	30	x \$140	+\$1,080	30	x \$90	+\$2,580	\$675/ \$400 / \$285 + \$140 x 28					\$5,016	\$264	\$5,175	\$140for 42 mo		
C-36	\$5,780	36	x \$120	+\$1,460	36	x \$80	+\$2,900	\$775/ \$525 / \$400 + \$120 x 34					\$5,491	\$289	\$5,665	\$135for 48 mo		
1	2	3			4			5					6	7	8	9		

- Column-1: An easy to refer to fee code, based on the number of months of treatment for a Child.
- Column-2: The proper fee for those months of treatment.
- Column-3: The AVG payment plan, which should be used for the majority of A & B+ patients.
- Column-4: The HIGH payment plan, which should be used for the majority of C & B- patients.
- Column-5: The SPREAD-OUT payment plan, which should be used for some A & B+ patients.
- Column-6: Paid-in-Full with CASH (showing a typical 5% courtesy).
- Column-7: Amount saved when Paid-in-Full in Cash.
- Column-8: Paid in Full with a Credit Card (showing a typical 2% courtesy).
- Column-9: Extended Payment Plan monthly fee for Tx months + 12 months with \$15/mo processing fee.

The **ADULT Full Tx:** fees have the same structure as the **CHILD Full Tx:** fees.

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The **CHILD Ph-I Tx:** fees are individually calculated based on the number of minutes it takes to treat the case times the Fee Multiplier (shown at \$5.55/minute) and are shown below.

CHILD Ph-I Tx:									
					Fee Multiplier \$4.75		5.0%		2.0%
FEE CODE	Active Tx Fee	.7 AVG IP			.5 High IP			PAID-in-FULL Payment Plans	
		Mo	PMTS	IP	Mo	PMTS	IP	Tx Mechanotherapy	
AXB-R	\$1,780	6	x \$230	+\$400	6	x \$150	+\$880	U Hawley with Springs	\$1,691 \$89 \$1,745
AXB-F	\$1,830	6	x \$230	+\$450	6	x \$160	+\$870	U&L 6-2-1's	\$1,739 \$91 \$1,794
PXB-F	\$1,780	6	x \$230	+\$400	6	x \$150	+\$880	Bonder RPE	\$1,691 \$89 \$1,745
PXB-R	\$2,080	6	x \$260	+\$520	6	x \$180	+\$1,000	Banded RPE	\$1,976 \$104 \$2,039
LIM-12	\$3,130	12	x \$200	+\$730	12	x \$130	+\$1,570	One-Arch Tx of 12 months	\$2,974 \$156 \$3,068
LIM-18	\$3,630	18	x \$160	+\$750	18	x \$100	+\$1,830	One-Arch Tx of 18 months	\$3,449 \$181 \$3,558
1	2	3	4	5	6	7	8	9	

The **CHILD Ph-II Tx:** fees are actually full treatment fees with a \$250 to \$500 courtesy. The Ph-II fee table below shows a \$300 fee courtesy (compare the child Full fees to these Ph-II fees).

CHILD <i>Ph-II</i> Tx:										Fee Multiplier \$5.55					5.0%		2.0%	\$15
FEE	Active	AVG IP			High IP			Spread-Out IP					Other Payment Plans					
CODE	Tx Fee	Mo	PMTS	IP	Mo	PMTS	IP	1st	2nd	3rd	MP	mos	Paid In FULL	Save	Credit Card	Extended PMT Plan		
PII-12	\$3,380	12	x \$220	+\$740	12	x \$160	+\$1,460	\$550/ \$375 / \$255 + \$220 x 10					\$3,211	\$169	\$3,313	\$155 for 24 mo		
PII-18	\$3,880	18	x \$170	+\$820	18	x \$120	+\$1,720	\$550/ \$400 / \$210 + \$170 x 16					\$3,686	\$194	\$3,803	\$144for 30 mo		
PII-24	\$4,380	24	x \$140	+\$1,020	24	x \$100	+\$1,980	\$575/ \$425 / \$300 + \$140 x 22					\$4,161	\$219	\$4,293	\$136for 36 mo		
PII-30	\$4,880	30	x \$130	+\$980	30	x \$90	+\$2,180	\$575/ \$425 / \$240 + \$130 x 28					\$4,636	\$244	\$4,783	\$131for 42 mo		
PII-36	\$5,380	36	x \$120	+\$1,060	36	x \$90	+\$2,140	\$575/ \$425 / \$300 + \$120 x 34					\$5,111	\$269	\$5,273	\$127for 48 mo		
1	2	3	4			5					6	7	8	9				

The **Adjunctive Tx Fees** and **MISC FEES** are determined for the practice.

The various Treatment Fee Courtesies, on the *bottom* of the Fee Schedule shows additional courtesies not built into the fee schedule.

- The **Regular Patient Courtesies** are those given *in addition to* any other courtesies that are built into the fee schedule. For example: If there is a second, third, etc., family member starting treatment their INITIAL PAYMENT is reduced by the additional courtesy. If a second child starts a 24-month Tx for \$4,880 and has chosen the AVG IP agreement, then their Financial Agreement form would show: a Fee of \$4,780, a courtesy of \$100 and thus, an initial payment of \$1,180 instead of \$1,280 with the same \$150 monthly payment.
- The **PCD's Team Members**, (but not their children), are also given a courtesy, *in addition to* any other courtesy built into the fee schedule – **as long as they work for that dentist.**

TREATMENT FEE COURTESY	PCD Team Members		Regular Patient Courtesies		
	Child of Team Member		Ph-II Fee Courtesy = Included in Ph-II Fee		
			Type of Tx	1st Member	2nd Member
	Team Member	25% Adj of IP & MP	Full Tx	None	\$100
	Child of Team Member	15% Adj of IP & MP	Ph-I or LIM Tx	None	\$50

Making Acceptable Financial Agreements

The Financial Agreement Priorities are categorized by credit rating A (great), B+ (good), B- (OK) and C (poor), to determine which priority list to use. It is also categorized by whether they desire a lower (first two listings) or higher (last listing) initial payment.

Minimal Options Lower IP A & B+

- 1 - AVG IP
- 2 - AVG IP, Spread-Out
- 3 - AVG IP, Credit Card
- 4 - AVG IP, Home Equity?
- 5 - Pre-pay IP, future start
- 6 - Extended PMT Plan

The Minimal Options, *Lower IP* for **A** and **B+** guarantors indicates that you first suggest the AVG IP (1); if they want a lower IP, suggest the AVG IP, Spread-Out (2); if they want an even lower IP, suggest the AVG IP using a Credit Card (3) which allows them to pay for it as they see fit; if they don't want to pay Credit Card rates, suggest a Home Equity, Line of Credit (4) which allows them to deduct the interest off of their taxes. If none of this works, suggest that they Pre-Pay (5) towards their IP over many months until paid, after which they can start treatment. There is also the option to use an Extended Payment Plan (6) with no initial payment. It spreads out the payments over an additional 12 months (e.g., making 36 payments on a 24 month fee), adding a \$10-\$15/month processing fee that gives you an additional \$350 to \$540 on a 24-month Tx.

Minimal Options Lower IP B- & C

- 1 - High IP, Cash
- 2 - High IP, Credit Card
- 3 - High IP, Home Equity?
- 4 - Pre-pay IP, future start
- 5 - Ortho Fee Plan (OFP)

The Minimal Options, *Lower IP* for **C** and **B-** guarantors indicates that you first suggest the HIGH IP (1); if they want a lower IP, suggest the HIGH IP using a Credit Card (2) which allows them to pay for it as they see fit; if they don't want to pay Credit Card rates, suggest a Home Equity, Line of Credit (3) which allows them to deduct the interest off of their taxes. If none of this works, suggest that they Pre-Pay (4) towards their IP over many months until paid, after which they can start treatment. And finally, if nothing else works and you want them as a patient, then use OFP (5), which works for **C** guarantors who get a higher rate than **A** and **B+** guarantors, although, this will cost you 7.5% off of the top of your Tx fee.

Other Options Higher IP A, B+, B-, C

- 1 - Higher IP, Cash
- 2 - Higher IP, Credit Card
- 3 - Higher IP, Home Equity?
- 4 - PIF, Cash
- 5 - PIF, Credit Card
- 6 - PIF, Home Equity?

The Other Options, *Higher IP* for **ALL** guarantors is used when they want to pay a higher IP than is necessary. This is not typical with **C** and **B-** guarantors, but works equally well, as long as you start negotiations at the HIGH IP and ignore the AVG IP and Spread-Out agreements. If **A** and **B+** guarantors, offer the HIGH IP, Cash (1); if a problem with that much cash suggest HIGH IP, Credit Card (2); if they don't want to pay Credit Card rates, suggest a Home Equity, Line of Credit (3) which allows them to deduct the interest off of their taxes. If they want to pay more than the HIGH IP amount, offer a Paid-in-Full agreement, indicating the 5% courtesy if PIF, Cash (4) or 2% courtesy if PIF, Credit Card (5). If they like the 5% courtesy for PIF, but don't have the cash, suggest a PIF, Home Equity Line of Credit (6). Don't suggest OFP for **A** and **B+** guarantors wanting to PIF.