

Increase Your Practice's Profits with the Profitability Formula

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THE **di.** PROFITABILITY FORMULA

In order to increase practice profitability, you can't just look at one aspect of the business, like simply increasing new patients. To really move the needle, you need to make gradual improvements to all areas of the business. This means not only increasing production but also increasing collections and reducing costs.

The following four drivers can help you get a fast start to running a more profitable practice:



Production:

When it comes to increasing production, everything revolves around patient visits and production per visit. As you reappoint more patients you get more visits. As you increase the doctor's case acceptance or reschedule more scheduled treatment, production per visit goes up.

What to Focus On:

Increase Number of Patient Visits

- Marketing, social media
- Increase referrals (connect with new referring doctors and maintain priority with current referring doctors)
- Add more insurance (for growing practices)
- Increase practice hours (or make hours more efficient)
- Reduce chair time
- Reduce broken appointments (patient reminder texts)
- Reduce cancellations
- Pre-appointment hygiene (target 90%)
- Increase providers (hygiene or associate)
- Maintain a quick call short list for last minute patient fill-ins

Increase Production Per Visit

- Increase fees
- Increase procedures offered (root canals, implants, ortho, sleep)
- Decrease adjustments from PPO (fee negotiation, dropping insurance)
- Adjust fee schedule annually
- Streamline communication (better co-diagnosis with hygienist and clear and concise patient communication)
- Increase treatment acceptance (offering other options and payment plans through providers like GreenSky)



Collection Percentage:

Just as important as increasing production is cutting down the time it takes to collect on it. Collections are the backbone of any practice. You can produce all you want, but without collecting it, your practice won't grow. Focus needs to be put on collecting overdue accounts, calling on insurance claims, and avoiding patients who slip through the cracks.

What to Focus On:

Increase Your Collection Percentage

- Decrease accounts receivable outstanding
- Decrease A/R days outstanding (contacting patients that move from one category to the next in the aging report)
- Reduce discounts and free services
- Reduce number of insurance companies you work with (for mature practices)



Overhead:

After all the work done to bring more money in, you can't forget to examine what is going out. Overhead costs can act like a leaky bucket in your practice and just like your personal budget, there are likely costs that can be removed or decreased. In today's hypercompetitive landscape, every percent you can shave off your overhead can add thousands to your bottom line.

What to Focus On:

Decrease Overhead

- Put supply ordering controls in place
- Utilize Elite Dental Alliance for savings with multiple vendors
- Ensure your staff wages and bonuses are appropriate
- Have a budget to help understand your profit expectations