

## WHICH INSURANCES ARE THE BEST FOR YOUR PRACTICE?

The complexity of the dental insurance industry can make it difficult to determine which insurances to contract with. There are many types of dental plans (HMO, PPO, POS, Discount Dental plans, “umbrella” plans), seven basic areas of dental care and three classes of service - all of which are used to determine payment. To complicate matters further, every insurance can set their own Usual, Customary and Reasonable (UCR) fee guide. This means they can set the price they will allow for every procedure – and the amount allowed by each often varies significantly.

In order to determine the best insurances, some dentists find an analyst who can accurately and inexpensively evaluate the value of their contracted dental plans. As a general guide in evaluating insurances, here are a few questions and considerations you may want to keep in mind:

- Can I tell what my profit margin (take home) will be by looking at an insurance’s fee schedule?
  - The number of each procedure performed (as a weighted average) can significantly affect the overall profit margin
- How much am I making (or losing) with each procedure?
  - The combination of overhead and insurance fees may result in a loss or significantly reduced profit on some procedures
- What is the impact of a 10% increase in my fees?
  - It usually does not amount to a 10% increase across the board
- What is the impact of a 15% “discount” if my net profit is 40%?
  - The result often varies substantially from practice to practice
- What else should I consider when evaluating insurances?
  - If there is open chair time, it is helpful to compare my expense (overhead) per hour to the profit per hour from each insurance
  - Which insurances will negotiate their fees?
- How often should I review the plans and decide whether or not to continue with them?
  - Insurances update their fee schedules regularly
  - Companies add and drop insurances regularly – therefore, how many of my patients could I lose or gain if this happens?
- What is the ADA contract analysis service?

Resources are available in Utah to help you answer questions like these, to be more comfortable with your practice management decisions, and ultimately, to get a better night’s sleep!

Chris Tayler, BA, MBA  
1224 Beverly Way  
Bountiful, UT 84010  
[tayler14@gmail.com](mailto:tayler14@gmail.com)  
801.953.9777