



Quality Dental Plan

An Alternative to Insurance

BY DAN MARUT, DMD



A NOTE FROM THE EDITOR:

We've chosen Quality Dental Plan (QDP) as our second Revenue Replacement Solution®. I initially met Dr. Marut a couple of years ago - first as a dentist, and secondly, as an entrepreneur who founded NewDocs.com. Over the past couple of years, we've kept in touch and I've followed his progress with yet another of his entrepreneurial ventures. It's called Quality Dental Plan and we at *The Progressive Dentist* magazine think it's an interesting insurance alternative and something that our subscribers should be aware of as a possible option for your practices.

We have asked Dan to share the details of the plan with you so that you can make an informed decision as to whether or not it might be a good fit for you and your patients.

Let me begin by saying that I'm a dentist, just like you are. I've suffered from most of the same frustrations and have been through similar learning curves. Here's my story. Back in 2001, I bought a one-operator, run down practice from an elderly dentist in rural Oregon. Most of the practice's existing patients were insurance-based, had low dental IQs and very little value for dentistry. Those with insurance would only accept the treatment that insurance paid for, and those without coverage generally refused most restorative treatment due to out of pocket costs. I saw this pattern emerging in my practice and wanted to find a different way to practice - to create something that would help my patients feel that they could achieve oral health - and to help me get past these objections. I came across a study on buyer behavior from

Harvard University, which talked about the best practices from other industries that had made them successful and decided to apply what big business knows about consumer behavior to my practice. I had nothing to lose and everything to gain.

Professors from Harvard & Columbia Business Schools conducted a study called the "Fee Savings Link" to evaluate the power of membership-based retailers. It found that:

- While many consumers equate membership plans with savings, they actually encourage consumers to spend more on a particular product or service, including health & wellness services like dentistry.
- Membership fees unlocked consumer spending; because customers perceived added value in "members only" stores, they actually bought more. In the case

of a dental practice, this means additional revenue from increased case acceptance – and a decrease in collections and overhead.

- While consumers expected lower prices in membership-based stores, they also considered these retailers more exclusive, so the perceived value of products and services didn't decrease. This is why manufacturers allow Costco to sell their brand-name items at discounted prices; customers believe that their membership gives them access to exclusive discounts.
- Membership-based retailers also make a higher per-customer profit by bundling products and services together. Having patients prepay for bundled services will not only increase your predictable revenue while improving collections, it also strongly incentivizes patients to be more compliant with your treatment recommendations and suggested recall intervals.

The result was the creation of Quality Dental Plan which was initially just for my own practice. Soon I had built my practice up to an eight operator practice with a partner, a full-time associate and three hygienists. And my production was through the roof. I decided right then and there that if it could work for me, it could work for other dentists – and that you shouldn't have to reinvent the wheel. I can tell you from personal experience that you can bring in patients who previously couldn't say yes to dentistry and you can help make it affordable for them without trimming your own profits or lining the pockets of insurance companies.

It's frustrating as a health care provider not to be able to help people because of perceived affordability issues. You basically feel like discussing the out of pocket cost is effectively just like telling them "no". QDP helps patients get past that hurdle.

Insurance coverage is generally based on employment – either an employer offers it or your patient is out of luck. Premium costs and coverage are also somewhat out of the patient's control. Plus, there's no guarantee that your patients – or their employers – will even get their money's worth; the premium paid may even exceed the actual benefit received. It's important to keep in mind that many patients are trained to understand their dental insurance based on the comprehensive/catastrophic medical model, where even the most restrictive HMO pays for most everything that's medically necessary – in full. There may be a small copay or deductible, but beyond that, everything is "covered." Many patients don't realize that in contrast, dental insurance is neither comprehensive nor catastrophic, but rather a defined benefit program with high administrative costs and

bureaucracy. And because dental insurance maximums are so low – having hardly changed in the past 20-30 years – insurance ends up effectively limiting treatment rather than facilitating it.

Patients are often confused by this not so subtle difference between medical and dental insurance. The medical insurance model has taught them to believe that if insurance doesn't cover it, it must be unnecessary, discretionary, experimental or exploitative. And they're secretly resentful that they've paid high dental insurance premiums and still have to fork out additional out of pocket costs; it just doesn't seem fair compared to how their medical insurance works.

QDP, on the other hand, isn't presented as insurance, but rather as a dental savings plan within your practice that incentivizes preventive care.

The benefits of this type of program are profound and quickly realized. First, word of mouth referrals increase because of the excitement it creates among patients. Next, new patient value increases because case acceptance goes up. Recall intervals begin to tighten up and revenue increases. Collections increase because more services are paid for in advance to take advantage of member discounts. Predictable, recurring annual revenue is created so cash flow improves. Patient loyalty goes through the roof, referrals increase dramatically and long-term patient value increases dramatically as a sense of belonging and value are created.

QDP builds trust with patients by establishing the sense that you're looking out for them; when the cost of preventive care is preset and additional services are discounted, patients no longer feel taken advantage of; rather, they feel like you're on their side.

The most important thing is that Quality Dental Plan isn't dental insurance. Rather, patients pay a simple, set annual membership fee (determined by you, not a 3rd party) to your office, and in return they receive a preventive dental care package for the whole year. There are also further savings for additional family members and patients - save on any treatments (restorative, cosmetic, implants) with no limit, and no deductible. Contrast the average QDP annual membership fee of \$325, (with no additional monthly premiums, co-pays or fees) with many insurance plans (\$600 per year, with maximum coverage of \$1,000 and multiple procedure exclusions), and it's easy to see the difference.

QDP feels like a real benefit plan – but is offered right in your office. Patients have access to dental care even if their job doesn't provide dental insurance or if their current insurance offers limited benefits within a network that doesn't include providers of their choice. Beyond that, they have the freedom to choose a provider of your caliber rather than be forced to

select from the insurance provider list!

Remember that for those patients without insurance, there's an overwhelming public perception (perpetuated by the medical insurance industry) that in order to get quality, reliable healthcare, patients must belong to an insurance plan. Strangely, this means that patients may wonder if they can even be seen in a dental practice if they don't have insurance. When you offer an in-house dental membership plan like Quality Dental Plan in your practice, patients know that they "belong" – whether they have dental insurance or not. And finally, as a structured dental membership plan with a preset annual fee, QDP helps patients without insurance feel financially protected by knowing in advance what their out of pocket costs for dental care will be. QDP provides patients with peace of mind.

So, that's what's in it for your patients. What's in it for you? A lot. In our own practice before using QDP our patient base consisted of about 75% insurance/PPO patients and 25% fee for service. After implementing and using QDP, we have seen our demographic dramatically shift to 35% insurance/PPO and 65% fee for service.

This gives you the ability to free yourself and your patients from managed care, since you're removing insurance as a barrier to your practice. QDP gives you the freedom to customize a plan that makes sense for your practice and your community. QDP won't dictate any of your fees and you keep all fees associated with the membership as well as services provided. If you want to increase revenue/decrease overhead, QDP membership means more new patients, tighter recall and more treatment accepted. If you want to increase new patient flow, QDP provides much-needed dental benefits to the 60% of people in your community without dental insurance.

You can increase case acceptance because QDP gives people a reason to accept treatment and visit your office, and eliminates the barrier of not having "coverage". Patients pay your office directly for all treatment provided, so you'll increase collections while keeping the relationship between the doctor and the patient - the way it should be. You'll reduce insurance hassles because QDP eliminates the need for third party involvement in your fee schedule. Another benefit is that you'll be able to attract local businesses since QDP gives

you something unique to offer employers as an alternative to traditional dental insurance. Finally, if you want to offer something different than all of the other dentists in your community, QDP provides geographic exclusivity and allows your office to stand above the myriad coupons, discounts, and freebies you see in the dental marketplace today.

We also provide complete turnkey systems, program marketing material, and full-time plan support...so you don't have to do it all yourself. In fact, using the QDP system you can have a fully functional membership plan in place in as little as two weeks. When you incorporate QDP into your practice, we offer all of the following areas of support.

- Marketing
- Branding
- Public Relations
- Turnkey administrative systems
- Back office support/implementation
- Predictable revenue/annual membership
- Geographic exclusivity
- Full-time member support
- Legal questions addressed
- Customizable for your practice's individual needs

Here's the bottom line. An in-office dental membership plan has huge benefits to a practice, but implementing one on your own takes a lot of time and focus – resources that frankly, are better spent on patient care and running the practice. It took me about 3 years of experimenting, learning and refining to figure out how to make this plan run seamlessly. By working with QDP, dentists get to skip all that trial and error and leapfrog ahead to a tried-and-true system.

This is a huge asset to dentists because they can skip all the time (and money) I invested creating web sites, consulting legal counsel, crafting advertising, conducting market research, hiring copywriters and designers, and soliciting feedback from patients. Instead, they can have a turnkey solution that can be utilized right away, while they use their own expertise to treat patients. In short, QDP lets dentists easily implement a plan proven to increase revenue, loyalty and collections without taking time away from patient care.

For more about **DAN MARUT** see his full bio on page 6.





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