

## Maximum Access with Minimum Risk

Planning for Effective Dental Growth and  
Expansion



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# Why is Strategic Planning Important?

- To strengthen the Oral Health Safety Net and preserve (and increase) access to care, safety net clinics must understand the environment in which they exist and the potential partners that can help meet oral health needs in a community
- By having a comprehensive understanding of the stakeholders, potential community partners and other providers of oral health, a safety net dental clinic is better equipped to make decisions about how best to meet the needs of the community it serves

# Why is Strategic Planning Important?

- Defining the oral health needs of the community gives the safety net dental program a blueprint for where they are and where they need to go
- The environmental assessment is a tool to use in the development of strong business and strategic plans
- The environmental assessment looks both inside and outside the organization

# First Step: The External Assessment

- Target Population

- ✓ Sociodemographics (ie, race, ethnicity, age breakdown, primary languages spoken, income levels, insurance status)
- ✓ Number of people in the target population
- ✓ Special populations (eg, seniors, children, pregnant women, people with chronic health problems)
- ✓ Oral health status and needs of target population (have any formal studies been done?)

## External Assessment (cont.)

- What Are the Barriers to Care for the Target Population?
  - ✓ Lack of community-based dental access points?
  - ✓ Geographic factors?
  - ✓ Language or cultural barriers?
  - ✓ Lack of a transportation infrastructure?
  - ✓ Other?

## External Assessment (cont.)

- **Inventory of Existing Dental Safety Net Programs**
  - ✓ Location and description of the providers or programs (scope of service, number of operatories, types of patients served [ie, children only, homeless, migrants, all comers], insurances accepted, fee schedule/sliding fee scale, hours/days of operation)
  - ✓ Which safety net practices are currently accepting new patients and which are closed to new patients?
  - ✓ What is the waiting time for a new patient to get an appointment?

## External Assessment (cont.)

- Inventory Other (Non-Dental) Health and Human Services Providers Serving the Target Population
  - ✓ Who are they, where are they, what services do they offer their clients, how do they fit within the social service network in the community?

## External Assessment (cont.)

- Inventory Other Key Stakeholders
  - ✓ Public and private funders who invest in oral health in the community
  - ✓ Community or business leaders or other people of influence in the community
  - ✓ State primary care association, oral health coalitions, other community-based coalitions, advocacy groups or collaboratives with an interest in the target population



## External Assessment (cont.)

- Identify Potential Partners

- ✓ Strategic partnerships can make the seemingly impossible possible
- ✓ Who else in the community has resources that might support the expansion of services?
- ✓ Don't keep the potential expansion a secret—share it with others in the community
- ✓ Be open-minded and willing to explore potential collaborations
- ✓ Think outside the box—great ideas often come from unexpected directions
- ✓ Engage in open dialogue with potential collaborators and work to define what each partner needs for success
- ✓ Seek to find the win-wins!
- ✓ Create MOUs to formally define each partner's roles and responsibilities

## External Assessment (cont.)

- Define the Reimbursement Environment
  - ✓ Who is covered by the state Medicaid program?
  - ✓ What services are covered and for whom?
  - ✓ What does the Medicaid fee schedule look like?
  - ✓ How many members of the target population are uninsured? Are they potentially insurable or completely uninsurable?
  - ✓ Who are the other primary insurers, who do they cover and for what?
  - ✓ Are there agencies in the area with special grants to pay for oral health services for their clients?

# Internal Assessment

- **Definition of the existing practice**
  - ✓ Scope of service
  - ✓ Number of operatories
  - ✓ Number of visits per year
  - ✓ Number of new patients per year
  - ✓ Number of unduplicated patients per year
  - ✓ Percentage of potential clinic capacity achieved
  - ✓ Staffing (types and number of FTEs)
  - ✓ Patient/payer mix
  - ✓ Revenue vs. expenses (Profit & Loss)
    - ◆ Cost/visit
    - ◆ Revenue/visit

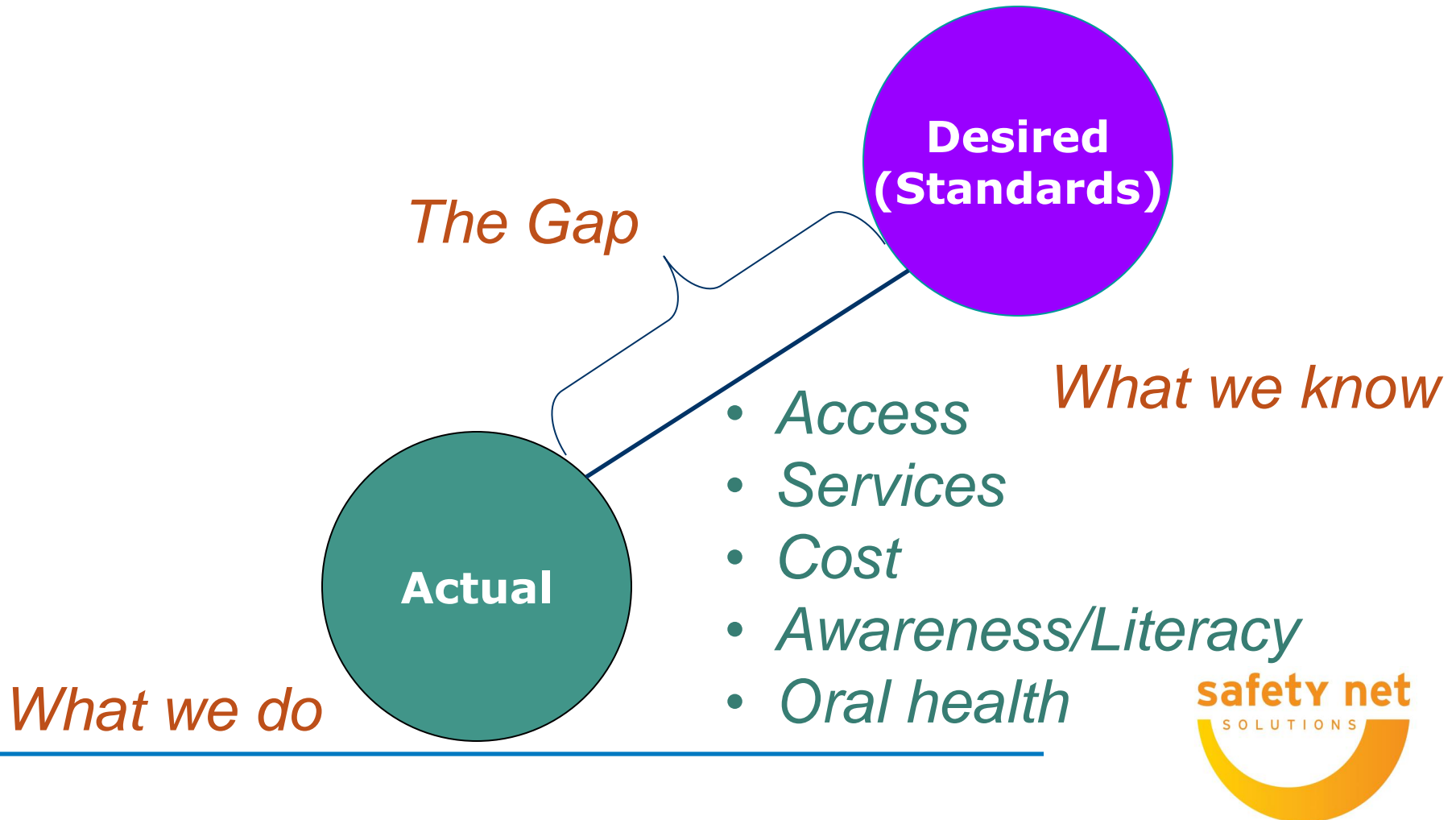
# Internal Assessment (cont.)

- Can the practice afford to expand (ie, is it operating in the black)?
- If not, the first order of business is an assessment of the practice to identify and address factors that are undermining financial sustainability
- It is always better to expand from a position of strength—more and more funders of oral health safety net programs are looking for return on investment and are more uneasy about investing in the expansion of programs that are not financially sustainable

## Internal Assessment (cont.)

- Common issues negatively impacting financial sustainability
  - ✓ Fee schedule too low/sliding fee scale too generous
  - ✓ High rate of denied claims due to the provision of uncovered services or services provided to ineligible patients
  - ✓ Other flaws in the billing process
  - ✓ Weak or missing policies and procedures for the management of self-pay patients (or lack of accountability)
  - ✓ Decreased clinic productivity due to no-shows or scheduling inefficiencies
  - ✓ Lack of clearly defined and communicated business and strategic plans
  - ✓ Lack of goals and accountability

# Opportunity for Improvement



# Building the Strategic Plan

- Where are we now?
- Where do we want to be?
- How are we going to get there?

# Where Are We Now?

- Existing dental program maxed out (potential capacity filled)
- Many more of the target population wanting access to the dental program
- An existing business plan that fosters financial sustainability while also assuring the provision of quality care
- Internal support for growth (from administration and board)
- External support for growth (public and/or private funders)

If any of these elements are lacking, the time may not be right for expansion



## Where Do We Want to Be?

- What is the plan for expansion?
  - ✓ More operatories in the existing dental site
  - ✓ More staff in the existing site
  - ✓ More hours or days of operation in the existing site
  - ✓ Creation of a new dental clinic (Where? How many chairs?)
  - ✓ Utilization of other service models (ie, portable or mobile)
  - ✓ Collaboration/partnership with other organizations (those providing oral health services to the target population and/or those providing complementary services)

# Sample Action Plan – No-Shows

Finding	Recommendation	Action Step	Responsibility	Due Date
<p>The no-show rate during the sample week was 40%. Chart review revealed that many patients with 4 broken appointments were given another appointment.</p>	<p>Enforce current no-show policy. (3 broken appointments and patient is closed out for 6 months except for emergency).</p> <p>Given the huge demand for care, patients who continually fail to keep appointments should no longer be allowed to schedule appointments. Give those appointments to patients who WILL show up. Patients who fail to keep 3 appointments should be placed on “sit and wait” status. If they want to be seen for a non-urgent reason, they can come in and wait for an available opening in the daily schedule.</p> <p>Consider taking patient appointments out of the schedule if their phone number was disconnected or the practice was unable to confirm the appointment in person with the patient.</p>	<ol style="list-style-type: none"> <li>1. Review scripting from Safety Net Solutions to help with angry patients who have been shut out of the program due to more than 3 broken appointments.</li> <li>2. Consider making the no-show policy stricter (patient is closed out for one year after 2 broken appointments). Patients would need to be informed of this new, stricter policy.</li> <li>3. To reduce no-shows, only double book or triple book strategically, i.e. next to a patient with a disconnected phone number or one who is unconfirmed.</li> </ol>	<p>John Smith</p> <p>John Smith</p> <p>Joe Joes</p>	<p>1/1/2012</p> <p>1/1/2012</p> <p>ongoing</p>

# How Are We Going to Get There?

- How will the expansion be funded? (internal resources vs. external support)
- Who can help with the expansion?
- Consider creating a Dental Advisory Group to help plan the expansion
  - ✓ Cast the net wide—help can come from unexpected places
  - ✓ The private dentist community
  - ✓ Funders (eg, local foundations, United Way)
  - ✓ State oral health leaders (eg, Office of Oral Health, Department of Public Health, Office of Rural Health)
  - ✓ Local dental or hygiene schools
  - ✓ Local politicians/legislators
  - ✓ Local community and/or business leaders
  - ✓ Representatives from other key local health and human services agencies
  - ✓ Representatives from key advocacy groups who represent the target population
  - ✓ Internal leadership (administrative, dental and board)
  - ✓ One or two “stars” from the dental staff

# How Are We Going to Get There?

- Designate the project team to carry out the expansion plan (need a leader with sufficient organizational clout to remove barriers)
- Create an implementation plan with action steps, responsible persons and due dates
- Develop formal reporting process to get regular progress updates from the project team

# Create the Business Plan for Expansion

- Expenses
  - ✓ Capital expenses (clinical and non-clinical equipment and furniture)
  - ✓ Construction costs (build-out, architect's fees, license and permit fees, etc.)
  - ✓ Dental informatics costs (electronic dental record/practice management system, digital radiography)
  - ✓ Staffing plan for expansion (clinical and support staff)
  - ✓ Salary expenses (don't forget to include fringe benefits)
  - ✓ Non-salary expenses (direct costs AND indirect costs)

# Revenue

- Projected number of visits/year
- Payer mix (identify all payers within the existing dental program and the current percentage each contributes to program revenue)
  - ✓ Medicaid
  - ✓ Self-pay/sliding fee scale (break out each level of the sliding fee scale)
  - ✓ Commercial
  - ✓ Other (SCHIP, Ryan White, other contracts)
  - ✓ Grants (eg, 330 awards, expansion grants)
- Determine the average reimbursement per visit for each payer (look at your experience in the existing dental program)

# Example

- Federally qualified community health center looking to add a new four-chair dental program
- Clinic operates 230 days/year
- Hours of operation in Year 1 = M-F, 8-5; Year 2 = M-F 8-5, plus Sat. 9-3 and one evening 5-8
- Year 1 Staffing: 1 FTE dentist/clinical director, 0.2 FTE staff dentists, 2 FTE dental assistants, 1 FTE hygienist, 2 FTE reception/registration clerks
- Year 2 Staffing: 1 FTE dentist/clinical director, 0.4 FTE staff dentist, 2.5 FTE dental assistants, 1.2 FTE hygienist, 2 FTE reception/registration clerks, 0.5 FTE Practice Manager
- Number of visits in Year 1 = 5,520; number of visits in Year 2 = 6,624

# Example

REVENUE	Year 1	5520 visits	Year 2	6624 visits
Self-Pay (20%)	\$66,240	\$60/visit	\$ 79,500	\$60/visit
Medicaid (65%)	\$538,200	\$150/visit	\$ 645,900	\$150/visit
Commercial Insurance (5%)	\$27,600	\$100/visit	\$ 33,100	\$100/visit
Other contracts (5%)	\$27,600	\$100/visit	\$ 33,100	\$100/visit
Free care patients (5%)	\$0	\$0	\$ -	\$0
	\$659,640		\$ 791,600	
Grant Revenue				
Federal Expansion	\$250,000		\$ -	
Foundations	\$600,000		\$ -	
330 Allocation	\$0		\$ 80,000	
<b>Total Revenue</b>	<b>\$1,509,640</b>		<b>\$ 871,600</b>	



# Example (cont.)

## EXPENSES

### *Build-Out*

Construction	\$400,000	\$	-
Clinical Equipment	\$363,006	\$	-
Office equipment/supplies	\$41,700	\$	-
<b>Total build-out expenses</b>	<b>\$804,706</b>		

### Direct Expenses

#### *Personnel Related*

Salaries	\$345,280	\$	448,240
Fringe Benefits (25%)	\$86,320	\$	112,060
Malpractice Insurance	\$0	\$	-
<b><u>Subtotal Personnel Costs</u></b>	<b>\$431,600</b>	\$	<b>560,300</b>

# Example (cont.)

**Support costs**

Dental Supplies	\$55,200	\$10/visit	\$	66,240	\$10/visit
Dental Lab Services	\$22,500		\$	26,250	
Equipment Repair/Maintenance	\$9,500		\$	10,000	
Housekeeping	\$7,500		\$	8,000	
Conference/Travel	\$2,000		\$	3,000	
Office Supplies	\$3,000		\$	4,000	
Books & Subscriptions	\$1,000		\$	1,000	
Fees & Dues	\$3,500		\$	4,000	
Recruitment Expenses	\$3,000		\$	4,000	
Computer--licenses fees, maintenance agreements	\$12,000		\$	15,000	
Insurance	\$10,000		\$	10,000	
Printing	\$2,000		\$	3,000	
Postage	\$2,000		\$	3,000	
<b>Total Support Costs</b>	<b>\$133,200</b>		<b>\$</b>	<b>157,490</b>	

# Example (cont.)

## ***Building-Related Costs***

Maintenance	\$6,000	\$6,500
Rent/Mortgage	\$30,000	\$30,000
Utilities	\$12,000	\$15,000
Telephone/Internet	\$6,000	\$6,500
<b>Total Building Costs</b>	<b>\$54,000</b>	<b>\$58,000</b>

<b><u>Total Direct Expenses</u></b>	<b>\$618,800</b>	<b>\$775,790</b>
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## **Indirect Expenses**

Total Support & Admin Allocation (12% of direct expenses)	\$74,256	\$93,095
<b>Build-Out expenses</b>	<b>\$804,706</b>	<b>\$ -</b>
<b>TOTAL EXPENSES</b>	<b>\$1,497,762</b>	<b>\$868,885</b>
<b>TOTAL REVENUE</b>	<b>\$1,509,640</b>	<b>\$871,600</b>
<b>Excess revenue over expenses</b>	<b>\$11,878</b>	<b>\$2,715</b>

<b>Cost per visit</b>	<b>\$271</b>	<b>\$131</b>
<b>Revenue per visit</b>	<b>\$273</b>	<b>\$132</b>

## Bottom Line = Balance of Mission and Business

- Payer mix
- Revenue per visit
- Expenses in line with projected revenue (biggest cost is personnel—be strategic!)
- Strategic planning should be a continuous quality improvement activity within the dental program; environmental factors (internal and external) impacting the dental program can and do change, and the business and strategic plans have to change, as well
- Any business plan for sustainability needs to have a quality assurance mechanism built in (can't sacrifice mission for business—there has to be a balance)
- Any strategic plan should include quality indicators (how will the dental program measure quality?)



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