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Practice Management Articles



Strengthening the Backbone of our Financial Systems

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There are forty-four systems at work in every practice that keep the practice running smoothly on a daily basis. Some of the most important are the five or six financial management systems. The financial management systems are the ones that contribute to the revenue engine of the practice and include financial arrangements, insurance claims management, pre-determination management, treatment planning and accounts receivable. But the backbone of the financial management systems is the written financial policy.

Unfortunately, many practices that have a financial policy may not be including the right options, the right level of detail and using the policy in the right way to enhance patient communication.

Without a written financial policy and team collaboration and understanding of the different options patients have to pay for their dentistry, it is challenging to achieve patient clarity regarding your payment expectations and the case acceptance that's possible. But, when there is a consistent policy that everyone can communicate, there is less stress, less leniency, and less chaos. Let's take a look at what an effective financial policy should include and how it should be used.

An Effective Financial Policy Should Be Specific

In basic terms, a financial policy is a list of the different ways patients can pay for care, clearly communicating payment options and responsibilities. But to maximize patient understanding, clarity and case acceptance, the financial policy should be very specific.

First, your financial policy should list all payment options available. One of the biggest benefits of a written financial policy is it immediately shows patients all their choices and makes it easy for them to see you have a solution that will serve their needs. The more time they have to focus on cost, the harder it will be for you to address their concerns. So, you would list cash and checks and include an accounting reduction for prepayment if allowed by your provincial laws. You would also list all the major consumer credit cards you accept such as Visa, MasterCard and American Express.

If you allow payment by appointment, be sure to provide detail on payment expectations and your cancellation policy. Also remember to list all of your patient financing programs along with the specific plans available.

An Effective Financial Policy Should Be Used

A financial policy cannot do its job as one of the most important financial systems within the practice if it's left to languish in a drawer. Again, the sooner you communicate to patients you have financial solutions that help them get the dental care they need, the more they will regard you as their oral health advocate and have greater satisfaction with your practice. So, put a copy of your financial policy in your new patient welcome kits and post one in your office. The only place I recommend not posting your financial policy is on your website. I believe the money conversation should only take place when there is a relationship built on trust.

We do not have a relationship with patients until they call our office, not when they are seeking information on our site. What you should include on your website, though, is a statement of your commitment to finding both clinical and financial solutions that enable patients to enjoy oral health.

Most importantly, when the treatment plan is created and the patient is taken to a private environment to sit down and discuss the investment that's associated with the recommended dentistry, it's our obligation to inform before we perform.

One of the top three breakdowns in patient relationships is improper explanation of fees when the patient is in an upright and coherent state. So one of the best ways we can ensure patient understanding is using a written financial policy during the treatment and fee discussions. This allows patients to both hear and read their payment choices, enhancing learning and information retention. Remember, 85% of adult learning is done visually.

An Effective Financial Policy Should Include a Patient Payment Agreement Form

Once the patient has committed to the dentistry and has chosen his or her preferred payment option, documenting the conversation with a patient payment agreement form is critical. This form ensures the patient understands what he or she is agreeing to and is meant to protect both the patient and the practice.

The patient payment agreement form should detail the payment option chosen and the patient's payment responsibilities including amounts and the dates payment is expected. Patients should sign the agreement form and keep a copy for their records. The other copy should be filed in their patient file. In the unlikely event that a patient is reluctant to sign the patient payment agreement form, the practice should not move forward with care. One of my favorite phrases in dentistry is, "we will wait with you."

"Mrs. Jones, I understand there are times when saying 'Yes' is just not possible. If anything changes in your life before we see you again, please don't hesitate to call. We are happy to wait with you until the time for care is right."

An Effective Financial Policy Should Benefit the Patient and Practice

There are many ways a written financial policy benefits your patients and practice. First, there is more clarity in communication, so patients are happier. There are fewer unanswered questions. Patients don't have to try to "remember" what you said and what they committed to after they've left the practice because they have it in writing. Second, a financial policy demonstrates to patients that you

are committed to finding a way for them to get the care they need. For your practice, a financial policy will make dentistry affordable, increasing case acceptance.

You will also have more consistency, fewer “special cases” where patients are allowed to pay in a manner that is not beneficial to the practice because they are “friends” of one of the team members or because of their particular circumstances. You’ll also find you’ll have lower accounts receivable. If you currently do not have a written financial policy and patient payment agreement form, it should be at the top of your “to do” list.

Your financial policy is the backbone of your financial systems. When you and your team create and use a strong financial policy you not only keep your practice healthy, but keep your patients happy and healthy.

NSDA Note: as a member of the NSDA you have access to our Business of Dentistry resource and its section specific to Finance & Taxation – everything you need to know. You can find this resource on our member website nsdental.org or by contacting the NSDA by email at nsda@eastlink.ca