Converting to private practice

Dr Jay Padayachy and Dr David Bloom of Senova Dental Studios consider the ways of converting from NHS to private practice and the various payment modalities available. They also discuss their own experience of conversion, pointing out the various pitfalls and highlighting what to avoid.

Factors to consider
1. One should be planning a different level of customer service and practice environment (Figures 1, 2 and 3). These small differences are the things that patients will notice and not the quality of the dentistry. It is important to remember though that there is greater clinical freedom as a private practitioner to choose the best treatment options for your patients. It is our role to give patients the pros and cons of all treatments, but ultimately, it is up to the patient to choose the level of care they feel is right for them once they have been given all the information.

2. Ensure that the whole team is on board with your decision and support your reasons for changing to private funding. A move away from the latest NHS treadmill will undoubtedly allow for a less stressful way of working for the whole practice team, and a move to private practice could be structured so that they benefit from increased pay and conditions. Team training and communications are essential to a successful private conversion.

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5. Discuss the move with your financial advisor and accountant. An assessment of your hourly rate is essential for fee setting, be it for fee-per-item or a form of monthly plan. Look at all the practice operating costs, which should include, for example, your drawings, pension contributions and any other expenses you may require for making the move, including the potential for further postgraduate education to ensure you are offering the best that modern dentistry can offer to your patients. Now look at the number of chair hours you will actually work each year to ensure you have allowed for some holiday time. Divide the former by the latter to work out your hourly rate and set your fees using this (see below for payment options).

4. Discuss the move with your colleagues. Many dentists are very happy to offer encouragement and specific advice. A good forum for this is the Yahoo group GDPUK that allows contact with a broad range of experiences in this respect. Attend lectures and management seminars arranged by many of the dental education seminar companies.

5. Understand your patient database. It is likely that you will see fewer patients than under your existing contract, so a loss of some patients is not a problem. The ones who value the service you provide and understand the rationale for the changes you are implementing will stay with you. There have been many practices that have made a successful conversion in deprived areas. This is certainly something we experienced ourselves with the location of our original practice in north Watford where we had managed to build patient loyalty to high levels despite the low socio-economic status of the surrounding area.

What are the benefits?

Moving to private practice allows dentists to take control over their practices. It allows for properly funded preventative dental care to be offered to patients in a fashion conducive to improving oral health. As more time is spent with patients, the daily throughput of patients is reduced considerably, allowing them to be seen on time and to feel that the whole environment is now geared towards patient care that changes the overall patient experience for the better. This in turn reduces all of the various time-sensitive pressures on the whole practice team, helping to turn the conversion into a virtuous circle. It also helps all of the practice team develop skills in whichever direction is appropriate.

Payment modalities

1. Fee per item. This is the most transparent way of working out estimates for patients as they pay only for treatment carried out. This works very well for many practices (including ourselves). However fees do need to be set correctly. Private dentistry now needs to be budgeted for by the patient and hence becomes more of a discretionary spend, and in harsher economic times, visits to the dentist may become less regular, resulting in cash flow fading away. Thus the patient needs to understand the treatment plan you are recommending and how it will benefit them in the short, medium and long term with other options discussed, including the pros and cons. Ways need to be made to enable the patient to afford the dentistry. This can be either by giving a 5-10 per cent courtesy discount for payment upfront, which will also help reduce the number of no shows or cancellations in your diary. Alternatively payment plans should be made available whereby they have treatment spread out over...
12 months interest free or interest bearing over a longer time span. Companies providing such services include Direct Dental Finance (www.directdentalfinance.com). However ensure that whichever company you choose provide on-site finance training for all of your staff.

2. Maintenance plans. In effect the patient is registered with the practice and pays for their routine 6 or 12 monthly exams and bi-annual hygiene visits and radiographs over a 12 month period by direct debit. This helps them spread the cost of this routine treatment and also encourages them to attend on a regular basis. By being committed members of your practice you may also choose to give them a discount off any treatment they need or want as a goodwill gesture. However beware some patients may raise objections to having to pay for any extra hygiene visits they may need if they are periodontally susceptible or if they need to be seen three or four times a year. Thus you and your staff’s verbal skills need to be sufficiently developed to deal with these situations. It is important that patients understand exactly what they are getting when they do sign up as they may have friends who are on a full-blown capitation scheme. Again it is important to have your fees set correctly. Various companies are available to help you with this, including Dental Payment Administration Service (www.dpas.co.uk) and Smilecare (www.smilecare.org.uk). The advantage of using these companies is the plan is crucially branded with the practice’s own brand, reinforcing the practice marketing message and taking advantage of the patient goodwill that already exists. From the outset it is your own plan rather than nationally branded, and what the plan offers is entirely determined by you to suit the practice profile.

3. Full-blown capitation. This was certainly the modality of choice in the late 1980s and early 1990s when practices were nervous of going private and wanted to sweeten this for their patients by offering to cover any necessary treatment for a fixed monthly amount. The level payable was dependent on which group they would be classified in. Laboratory fees, cosmetic and specialist treatments were excluded. Hence fee setting was even more important especially with a high-risk patient.

Unfortunately, some companies were more concerned that the dentist signed up large numbers of patients at the incorrect cost to ensure they received more administration fees. This was certainly of no benefit to the dentist who may then have felt aggrieved to provide the level of care the patient actually needed; we know we are being controver-
ate a real grey area. For example, dentistry, such schemes can create a problem if the patient was moving to another area and wanted to find a dentist who also was part of the capitation scheme.

And now in this age where patients are demanding more want-based than needs-based dentistry, such schemes can create a real grey area. For example, if you are doing a 10-unit smile makeover (Figures 4 and 5) for someone and they have already heavily restored premolar teeth, which you have discussed with them on a previous occasion and recommended crowns as part of their scheme. If they want to address their cosmetic concerns and you recommend a mixture of veneers and crowns, do you carry out the veneer work on the front teeth as fee-per-item and the premolars as crowns as previously recommended as part of their scheme? Or is it all now cosmetic because you may be building out the buccal corridor at the same time? Certainly no one at the capitation company will be able to help as they receive their monthly administration pay-outs when delivered across the target payments within a framework that balances:

- Offering treatments at rates, that when delivered across the target patient cohort, covers the operating costs of the practice plus a reasonable post-tax profit.
- Identifying, registering and retaining the required numbers of patients to whom to deliver these treatments.
- Delivery, taking into account all required resources including chair-side hours, premises, equipment, people and working capital.

Only with these three elements in harmony, does a practice truly have the building blocks of success.

What did we do?

When our practice moved away from the NHS in the early 1990s, many patients were signed up under a full-blown capitation scheme. We moved companies after a number of years as a result of increasingly high administration charges and branded the scheme as our own rather than a well-known brand name. It has in fact been shown that patients remain loyal to their dentists and practice team and not to a national brand name, and in fact dentists register more patients on their own scheme as a result.

After a number of years still offering full-blown capitation, we decided we could not offer the services within a framework that balances:

- Offering treatments at rates, that when delivered across the target patient cohort, covers the operating costs of the practice plus a reasonable post-tax profit.
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Deciding to change was hard, but once we had made that decision, we were greatly helped by the administrators of our practice-based scheme, Dental Payment Administration Service, who helped with the letters and leaflets we sent out to our patient base. This also gave us the opportunity to change from 20-minute hygiene and 10-minute examination appointments in the dentist diary, to 60-minute hygiene appointments, which included the dentist’s examination in the hygiene diary thus creating more productive use of our time in our operatories.

Key to success

A successful dental practice is one that delivers its clinical services within a framework that balances:

- Offering treatments at rates, that when delivered across the target patient cohort, covers the operating costs of the practice plus a reasonable post-tax profit.
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- Delivery, taking into account all required resources including chair-side hours, premises, equipment, people and working capital.

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About the author

Dr David Bloom, a graduate of the Newcastle-upon-Tyne Dental School, has been a principle at Senova Dental Studios since 1996, focusing on comprehensive restorative and cosmetic dentistry. A full member of the British Academy of Cosmetic Dentistry, David is also President of the BAAD and began his appointment in November 2007. He is a member of The British Society of Occlusal Studies, The British Society of Restorative Dentistry, The British Dental Association and is a sustaining member of The American Academy of Cosmetic Dentistry (AACD). He is also a fellow of the International Academy of Dental Facial Aesthetics. David is on the editorial board of The Journal of Cosmetic Dentistry – the official journal of the American Academy of Cosmetic Dentistry, and clinical director of CO-OP3 seminars and instructs and lectures on all aspects of cosmetic dentistry in the UK and the US.

About the author

Dr Jay Padayachy, a graduate of the Newcastle-upon-Tyne Dental school, has been a principle at Senova Dental Studios since 1998 focusing on comprehensive restorative and cosmetic dentistry. He’s a full member of the British Academy of Cosmetic Dentistry and is on the board of directors. He is a member of The British Society for Occlusal Studies, The British Society of Restorative Dentistry, The Pankey Association, The British Society of Periodontology and the American Academy of Cosmetic Dentistry of which he is a sustaining member. He is also a director of CO-OP3 seminars and lectures in all aspects of cosmetic dentistry in the UK.