

**STEPS TO
DROP YOUR
BAD PPOs**

kleer[®] PLAYBOOK

It is time to transition bad PPOs out of your dental practice

A simple playbook to help you confidently start your journey to freedom from PPOs that don't work for your practice

The dental care system has been broken for years. Insurers control everything including access, payment, pricing and treatment. They have created expensive and overly complicated dental plans that work for them, but not for dentists or patients.

Dentists and their teams want to provide the best possible care to their patients while also growing their practice—but the hassles and limitations of insurance get in the way. Practices deal with low reimbursements, annual limits, claims denials and massive amounts of paperwork that severely impact production and profitability. Dental insurance is also a challenge for patients who deal with high premiums, deductibles, co-pays, pre-approvals, and annual maximums.

To make matters worse, the COVID-19 crisis has created new challenges. Patient distancing has forced lower patient volumes and decreased production, while the cost of PPE and infection control further misaligns practice costs and PPO reimbursement. According to the American Dental Association (ADA), maximum dental practice production is down 20-25% from pre-COVID levels due to patient distancing, while costs are up 5-10% due to personal protective equipment (PPE) and infection control.

Can your practice be profitable on your existing PPO fee schedules with a 20-25% decline in production and a 5-10% increase in costs? What happens when PPOs lower your fees next year and subsequent years?

It's time to reclaim control.

How do I get started?

Kleer is leading a movement to liberate dental care from third-party control so dentists can provide better care to their patients and patients can more easily access that care. Transitioning bad PPOs out of your practice is a key part of this movement, but it is important to carefully plan and execute on the initiative. We have created this playbook to help you through that process in a way that maximizes patient loyalty and practice production. To keep things simple, our playbook is set up in seven steps.

Step 1: Face your fears

Step 2: Implement a dental membership plan

Step 3: Stop offering dental discount plans

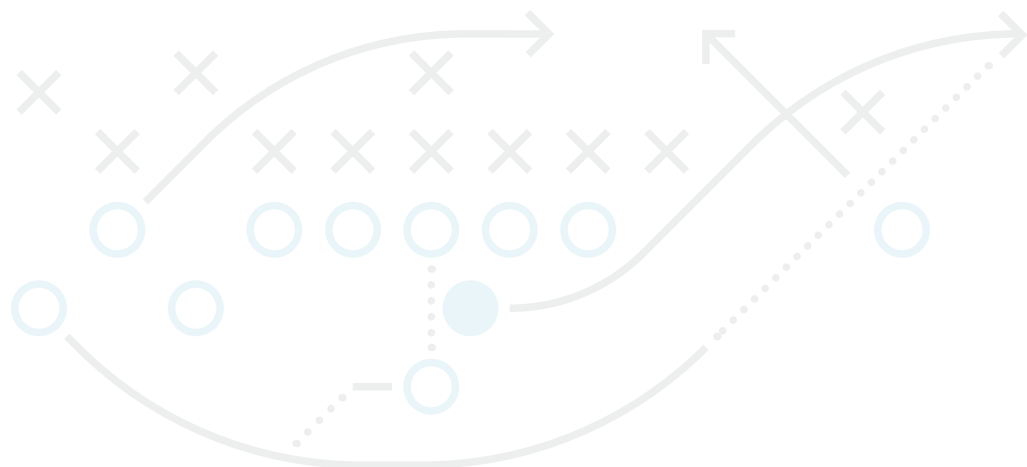
Step 4: Analyze your PPOs

Step 5: Renegotiate or drop bad PPOs

Step 6: Support your patients through the transition

Step 7: Market to new patients

This document is a high-level guide based on Kleer's research and experience. You may want support from an expert. As a Kleer customer, you can access special offers from our partner consultants and coaches who will help you through the process.



Face your fears

Dental professionals unilaterally voice frustrations with insurance providers and express a desire to transition them out of their practice, however most do nothing about it. Many worry that dropping PPOs will have a significant negative impact on patients, production and profitability. This fear keeps dental professionals from moving forward.

Maybe it's because most practices in your area accept the plans. Or perhaps, you feel tied to a plan because a large local employer offers it. Or, maybe some of your favorite patients are on a particular plan. You may be asking, "Won't a lot of patients leave my practice?" "Won't my production decline?" "Won't my profitability take a significant hit?" Although your questions are valid, the answers remain unknown, and no change occurs, unless you face your fears by committing to better understanding how each PPO affects your practice and model the impact dropping PPOs will have on your results.

The margin of error when dropping a PPO is much larger than you may realize. Insurance-based practices collect just 60% of their UCR once insurance discounts and claim denials are factored in. Fee-for-service practices collect 100%. This provides a 40% margin of error when you drop a PPO. In other words, if you drop an insurance plan and 40% of the patients leave your practice it will actually be a positive move — your collections will remain the same, but you will work 40% less. You can then direct that extra time to serve patients better, find new patients, or just take some time off. That's up to you. It puts you in control and frees you to create the practice you want — not the practice insurance companies want.

This leaves the question: Are you ready to face your fears and start the process of creating the practice you want?

If so, move to Step 2 — **Implement a dental membership plan.**

Implement a dental membership plan

Before dropping and renegotiating PPOs, it's important to implement a dental membership plan. A membership plan provides a great coverage option for patients that drop insurance plans that you no longer accept. It also fills a coverage gap for your existing uninsured patients. Moreover, a membership plan will increase production and generate recurring revenue that will help fill gaps created by patients that leave your practice.

Membership plans are designed based on the unique needs of your patients and practice—you are 100% in control, setting the subscription price, fee schedule and treatment protocol. Patient payments are made directly to your dental practice, eliminating the burdens of third-party payment delays, claim denials and paperwork.

Uninsured patients want a membership plan

Your uninsured patients want dental coverage. As part of the market research we conducted when creating Klear, we learned that 89% of uninsured patients are interested in purchasing a dental plan, but only if it is simple, affordable and transparent. Many of these patients had looked at insurance, but did not make a purchase because of complex agreements, annual maximums, treatment exclusions, and waiting periods. In the words of one patient we interviewed, "I know they (insurers) are going to get me."

Your dental membership plan will give patients exactly what they want. Payments are affordable, prices are transparent, coverage is easy to understand, and there are no hassles like deductibles, pre-approvals and annual maximums. Plus, patient benefits start the minute they join.

A membership plan improves your practice's financial results

By making it easier for patients to commit to the care they need, dentists create a “membership club effect” that results in increased patient loyalty and visits, treatment acceptance and production. In fact, according to data from Kleer customers, membership plan patients make 2-3X more hygiene re-appointments and generate 2X the production of uncovered patients.

Additionally, subscription-based membership plans generate consistent, recurring revenue that your practice can depend on. Based on data from the Kleer platform, membership plans generate on average \$25-\$60 per patient per month—or \$25,000-\$60,000 per month for every 1,000 patients that subscribe. These subscription payments became a financial lifeline for many practices during the COVID-19 shutdown.

Membership plan best practices

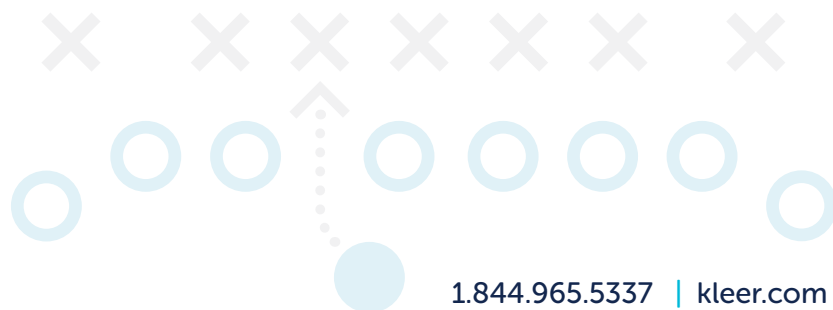
As you implement your membership plan, you will want to consider several best practices.

- **Provide comprehensive treatment.** Include preventive care—usually two cleanings, two exams, and routine X-rays each year—and discounts on additional treatment.
- **Provide transparent pricing and price it right.** Transparent pricing builds patient trust. Price your plans to achieve the optimal balance of patient value and practice results.
- **Ensure compliance.** Dental plans must adhere to multiple federal and state regulations, including HIPAA, consumer protection laws, fee splitting laws, advertising laws and payment processing laws.
- **Make it simple to join.** It should be easy for patients to sign up from any device.

- **Make it easy to pay.** Consider whether you will offer monthly or yearly payment plans or both. More now than ever, patients will appreciate the option to pay monthly installments.
- **Make it immediate.** Begin benefits the moment a patient signs up.
- **Make it hassle free.** Eliminate sign-up fees, deductibles, waiting periods, annual maximums, and preapprovals.
- **Assign a plan coordinator.** Assign one person in your office to manage and track the plan.
- **Get your team on board.** Make sure all members of your team, including the doctors, understand and promote the benefits of a membership plan to your patients.
- **Offer your plan to everyone!** Don't pick and choose to whom you offer your membership plan. Kleer's data proves membership plan patients are worth 2.1X the value of the average uninsured patient.
- **Set goals and track progress.** You can start small and then build. Initially, set a goal to sign up 25% of the uninsured patients you see each week.
- **Promote the plan.** Promote it in your office, on your website, and through social media

Kleer partners with thousands of dental practices to implement successful membership plans that are simple to manage and get results. To learn more and schedule a demo, visit www.kleer.com.

Once you have your membership plan in place, you can move to the next step — **Stop offering dental discount plans.**



Stop offering dental discount plans

If you are like many practices, you offer a dental discount plan to your patients. However, dental discount plans are not good for you or your patients. Discount plans are designed, priced and managed by independent third-party administrators or insurance plans. They charge patients fees to access discounts across a network of dentists—and just like insurance premiums, the upfront fee paid by a patient goes directly to the discount plan administrator, not your practice. You get a severely discounted fee schedule, terms that are set by a third party, and you are not paid unless the patient visits your practice.

Dental discount plans are either sponsored by PPOs or independently offered through third parties (e.g. Careington). If you currently offer a PPO-sponsored discount plan and are still in-network, stop promoting the plan. If you have an independently administered discount plan, notify the plan of your intent to cancel your agreement.

Instead of offering a discount plan to your patients, offer your membership plan. With your membership plan (1) your patients pay a monthly or annual subscription directly to you, (2) you control plan design, treatment decisions, subscription pricing and the fee schedule, and (3) there are no hassles like deductibles, denials of claims, waiting periods or annual maximums. You collect more, patients pay less and there are no hassles.



The table below illustrates the differences between a membership plan and discount plan in a typical patient scenario.

	Membership Plan ¹	Discount Plan ²
Patient payments ³	\$516	\$532
Net revenue to dentist	\$516	\$357
% of patient payments to dentist	100%	67%
Guaranteed revenue	\$300	\$0
Control of fee schedule	Yes	No
Control of plan design	Yes	No
Denial of claims	No	No
Annual maximums	No	No
Waiting periods	No	No
Alternate benefit	No	No
Excl. for preexisting conditions	No	No

1 Kler Adult Complete, \$300 subscription, Fee schedule = 20% discount from NDAS 80th percentile US avg.

2 CignaPlus Savings Plan, \$155 premium, \$20 sign up fee, Fee schedule = US avg.

3 Total payments includes subscriptions, premiums, deductibles, sign-up fees and treatment fees.

Treatment = 1.5 prophys, 1.5 standard exams, 1 four image bitewing, 1 problem focused exam, and 1 filling.

Take the following steps to transition away from dental discount plan(s)

- 1 **Remove all dental discount plan marketing materials** from your office, website and anywhere else it is displayed.
- 2 **If the discount plan is independently administered, notify the discount plan administrator that you are canceling your agreement.**
- 3 **Display membership plan marketing materials** in your office, on your website and on social media.

Now that you have implemented your membership plan and discontinued your dental discount plan(s), **it's time to analyze your PPOs.**

Analyze your PPOs

Now it's time to analyze your PPOs so you can understand the value each PPO brings to your practice and the impact dropping them will have on your results. This step requires an inventory of your insurance participation and some math.

Inventory your insurance participation

Start by reviewing your insurance agreements and practice management data. You will need to document the following for each plan you participate in:

- ✓ Participating doctors
- ✓ Fee schedule (make sure it is current!)
- ✓ Number of patients that used the plan in the last calendar year ("Plan Patients")
- ✓ Total net production for the last calendar year ("Net Production")
- ✓ Net production per patient ("Net Production" divided by "Plan Patients")
- ✓ Treatment frequency by procedure code for the last calendar year
- ✓ Termination notice (termination typically requires a 90 day notice that must be in writing). Here is an example of how the termination details will be listed in your agreement.

VII. TERM AND TERMINATION

3. **Term.** The Term of this Agreement shall begin upon the Effective Date as set forth below and shall continue thereafter for a period of twelve (12) months unless it is earlier terminated pursuant to the provisions of Section 4. Thereafter, the Term of this Agreement shall be automatically extended on the same terms and conditions for consecutive additional terms of six (6) months each, unless Insurance Company provides the Dentist with written notice of its intention not to extend the Term at least ninety (90) days prior to the end of the initial Term or any subsequent Term of this Agreement.
4. **Termination.**
 - (a) Provider may terminate this agreement after the initial one year term by giving Insurance Company ninety (90) days' written notice of termination, subject to the provisions of Section 8.0 of this
 - (b) Insurance Company may terminate this Agreement with good cause by written notice at any time, subject to the delayed implementation provisions of Subsection (d) of this section regarding the Dentist's right of appeal.

Do some math

Now it's time to do some math. The math is very important since it determines which PPOs are working for your practice, which are not and how many new patients you will need to attract to replace the patients that you expect to leave. The math includes finding the weighted average discount for each PPO and isolating which PPOs to keep, which to renegotiate, and which to drop based on the weighted average discount, number of patients and net production of each PPO.

It's important to note that most practices need help doing the math, and that the math can be done in multiple ways. As a Kleer customer, you will have access to free a step-by-step guide and video tutorial that demonstrates the math. We can also introduce you to one of our consulting partners that can do the math for you and help create and execute a plan for dropping and renegotiating PPOs.

Once you have fully analyzed your PPOs, it's time to move to the next step — **Renegotiate or drop PPOs.**



Renegotiate or drop PPOs

Now it's time to renegotiate the PPO plans that can work for your practice and set exit dates for the ones that don't.

For the plans you want to renegotiate, we encourage you to think strategically and create a proposal so you can make your point with the payer(s) and hopefully get them to agree to your changes. Here are a few considerations:

- Identify your most valuable codes. These are procedure codes that are performed most frequently and/or are most expensive. Narrow your list to 10-15 codes to negotiate.
- Create a fee schedule proposal for the valuable codes. What fee schedule works for your practice and is appropriate for your market?
- Create a list of why your practice is different than others in your area. Why are you deserving of better reimbursements?
- Determine your value to the payer. How many active patients do you have from the payer? What is your patient retention rate?
- Consider how far you are willing to go to gain leverage in the negotiation. Are you willing to terminate? Don't threaten termination unless you are prepared to do it.

Once you have answered these questions and have created a proposal, send it to the PPO administrator to start negotiations.

For the plans you want to drop, set an exit date and appropriately notify the insurance companies of your intentions to cancel within the specified time frame in the terms and conditions of your agreement.

Do not rush this process. Gain confidence by negotiating and dropping one PPO at a time starting with plans with the fewest participating patients and/or the lowest reimbursement. You will learn during these first attempts, while also giving your team the confidence to move forward in tackling the plans with more patients and larger financial implications.

Now it's time to move to Step 6 — **Support patients through the transition.**

Support patients through the transition

Communicating with your patients and providing high levels of customer service will be critical as you transition away from a PPO. To retain patients who are covered by an insurance plan that your practice is dropping, be sure to take the following steps.

- Identify patients impacted
- Communicate the change to impacted patients via email, calls and during visits
- Assist patients with insurance reimbursements

Identify patients impacted

Run a report from your practice management system to identify patients who are covered by each insurance plan you are dropping. The report should include patient name, insurance plan, last visit, next visit, email and phone number.

Communicate the change to patients impacted

It's imperative that you proactively communicate PPO changes to your patients. This should include a 6-month series of emails, calls and discussions during visits. You cannot over communicate. We recommend emails 6 months, 90 days and 30 days before the termination date. You can support the emails with calls if you have that capability. And, you definitely want to inform patients when they visit. Consider the following tips when crafting your message.

- **Be transparent—tell your patients why you are making the change.**
Communicate the “why” to your patients, so they understand you are doing this to ensure they receive the quality care they deserve! Let your patients know that as an unrestricted provider, your practice can see patients on any plan.

- **Communicate the details of the new payment process.** For example, inform your patients that fees for services rendered will be due 100% in full at the time of their visit— via cash, check, credit card or HSA—and that they will be responsible for collecting reimbursement from their insurer.
- **Let patients know that you will help them submit claims.** If you are helping patients submit claims (highly recommended!), give them details of how you will help them submit the paperwork.
- **Let your patients know you have them covered.** Mention patient financing options so patients know that they will have a path to affording potentially costly restorative procedures. Additionally, we recommend you promote your dental membership plan as an alternative to insurance.

Kleer provides customers with a template letter for communicating to patients. The template is included in the Help Center of the Kleer Practice Portal.

Assist patients with reimbursements

Your practice should develop a process for helping patients with reimbursements. Most practices that have successfully moved out-of-network with PPOs continue to submit claim paperwork on behalf of their patients. This process will be the same as you currently use in-network, but will be submitted on behalf of your patient, not your practice.

As you transition bad PPOs out of your practice, you will lose some patients. Backfilling these patients will require a new patient marketing plan. To learn more, move on to Step 7 — **Market to new patients.**

Market to new patients

As you transition PPOs out of your practice, you will lose some patients who were more committed to their insurance plans than your practice. You need to determine how many of these patients you want to replace and develop a marketing plan to attract them to your practice.

Here are some simple tips for marketing to prospective patients:

- Create a marketing voice that will differentiate your practice
- Determine how many new patients you want to attract
- Create your budget
- Target your audience
- Develop your message
- Campaign
- Deliver a truly superior patient experience

The keys to your success will include testing, repetition, tracking results and consistency. Klear customers have access to details for each of these tips in the Help Center of the Klear Practice Portal. Additionally, we can connect you with one of our marketing partners to help you through the development and execution of your marketing plan.



One dentist's journey

Dr. Chad Johnson has been through the process of transitioning out of PPOs. He tells his story and recommends a transition plan in the webinar [Fight the Fear: How to Successfully Transition PPOs out of Your Practice](#).



The doctor shares his story of how he completely transitioned out of network from PPOs at his practice and in doing so, generated \$3MM in annual revenue while reducing his clinical hours from 2,000 to 1,000 a year. To achieve full independence, he analyzed his patient data to determine which PPOs to drop and when and implemented the right strategy to make the transition as smooth as possible for remaining patients. Throughout the webinar he pulls back the curtain to reveal his actual patient and revenue numbers over the past 15 years, proving that by dropping his relationships with PPOs he was able to work smarter, and not harder, towards profitability.

Summary

This document is a high-level guide based on Kleer's research and experience. You will want support through the process, and Kleer customers get exclusive access to documentation, templates, video tutorials and expert consultants and coaches. If you are not already a Kleer customer, [sign up today](#).

