

How to Increase Dental Practice Revenue in a Competitive Market

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The market for dental healthcare services has changed considerably in the last few years. While dentists with their own private setup are free to manage both the business and management aspects of their practice, they have to deal with steep rise in dental costs and stringent regulatory policies that require substantial financial investments. Another worrying aspect for most dental practices is the drop in reimbursements which can impact revenue for most dental practices.

The pressure of running a private dental practice in the present day economy is immense. Other industries easily offset the rise in costs by passing it on to their consumers. However, healthcare practices cannot do the same. As a result, a large majority of dental practices today are reeling under revenue losses or facing financial stagnation. This is one of the reasons why the younger dentists prefer a salaried position with either multispecialty practices or with corporate healthcare groups.

Regulatory Compliance and New Technology Adoption

Dental practices are also under pressure to comply with meaningful use via adoption of electronic health records. However, most dental practices have been slow on the pick-up primarily due to lack of federal financial incentives for adoption of EHR technologies.

There is also pressure to implement new work-flow processes, tools and safeguards in light of HIPAA Privacy requirements, as well as “Security and Breach Notification” requirements and applicable state laws. These are necessary to ensure safety of patient records when continuing care records are exchanged with other healthcare practitioners for referral purposes.

Financial pressures in the form of changing reimbursement models; rise in costs associated with running a fully functional dental office, as well as increase in legal fees for drafting of HIPAA business associate agreements with vendors are again expenses that place practices under immense financial strain.

However, in spite of these financial pressures, there is much that dental practices can do to increase revenue. Cutting costs is one. Other strategies that can help include the following.



DENTAL PRACTICE INCOME

INTRODUCTION



Independent dental practices need to contend with higher overheads and time constraints. An increase in each of these areas can affect not only practice productivity, but more importantly practice revenue.



Increasing practice revenue is great. But before considering new revenue sources, consider reduction in expenditure.

PLAN A BUDGET FOR SUPPLIES AND OPTIMIZE INVENTORY MANAGEMENT



Take a look at your average supplies spending within a set period.



Know what you have by way of extra supplies.



Factor in your average monthly production and then plan a comfortable budget.



Keep an eye on bulk orders which can help you improve inventory management.



Even small cut in your monthly budget can make a big difference.



Stocking up on products that get used more is smart but you don't want to fill up your shelves with products that get used sparingly.

TALK TO YOUR SUPPLY REP ABOUT BETTER PRICING

Look for cost-effective alternatives.



Don't dismiss low-priced products as being subpar.



If you order all your supplies from one dealer ask for perks by way of a reduction in price, a better pay-back price plan or even free goodies on bulk orders. You won't know until you ask!



IDENTIFY NEW CHANNELS OF REVENUE

Consider introducing new services, technology, and treatment options.



Employing a new dentist or even joint ventures can aid in generating new revenue opportunities.



See how best you can negotiate managed care contracts as a way of increasing revenue from payers.



Even a small percentage increase can make a huge difference to your overall practice revenue.



Focus on increasing the flow of the right kind of patients - see more commercial patients which can lead to an increase in your practice income.



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Strategies for Increasing Dental Revenue

Plan a Budget

Dental practices that are serious about budget allocations are the ones with the most potential to increase revenue. The reason why budgets are so crucial to practice success is because it provides a scale for comparing between budget figures and actual dollars spent. This kind of financial assessment is vital if you want to see where your practice stands and for easy identification of problem areas and for planning and implementing corrective course of action.

Budgeting is made more relevant when practices can work on a 5-year projection for revenue and expenses. Not only does this allow creation of a more realistic practice budget, but more importantly it allows practices to both plan and implement workable production goals and to avoid any unforeseen financial risks.

Look for New Channels of Revenue

Addition of new services and treatment options is definitely an important strategy for increasing practice revenue. In addition consider the following;

- Implementation of new technology to optimize treatment or for streamlining administrative tasks and responsibilities.
- Employing a new dentist or mid-level/nurse practitioners to manage routine care services.
- Consider joint ventures if they can help you generate new revenue opportunities.

Plan for New Care Delivery Models

Today there is greater advocacy for dropping the fee-for-service reimbursement models in favor of new care delivery models such as patient-centered medical homes and accountable care organizations. This means dental practices will have to make structural changes to align their practice with the new care delivery models to stay competitive and relevant. Keep the following in mind;

- Implement better finance and accounting functions.
- Implement better systems to measure performance against practice goals of – meeting budgets and maintaining quality of care standards.
- Update contracts.
- Make use of data and analytic tools to improve understanding of healthcare quality measurements and overall costs.
- Ensure greater flexibility in billing and collections.

Focus on the Right Kind of Patients

One of the most effective ways of increasing practice profits is by focusing on the right kind of patients. Making room for more commercial patients can lead to an increase in your practice income. Obviously, this will require that you cut down on some of your regular but low-income patients. When running a practice it is important to balance your patient mix by focusing more on patients who can make an impact to your bottom line. This is where digital marketing can play a big role as it allows practices to channel their marketing in a way that attracts patients who are ready to engage and convert quickly.

Conclusion

Running a profitable practice is a big challenge for dental practices. In the midst of business and marketing changes as well as changes in oral healthcare regulations, dental practices need to pick up the pace with their business planning. They also need to adopt a more flexible approach to running their practice if they want to avoid revenue stagnation.

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