

“Why don't you take my dental insurance?”

One of the questions that my front office gets asked the most is “Why did you stop taking my insurance?” The short answer is “They don't pay me enough.” If you want the long answer read on as I will attempt to explain without going on a full on rant.

Most people have one of three types on dental insurance: indemnity/traditional, preferred provider organization (PPO) or a dental health maintenance organization (DHMO). Each type differs in:

- your ability to choose your provider,
- what they can charge you, and
- how much they will get paid.

One thing that stays the same: How much your dentist wants to get paid (which can vary considerably based how many cars he has, how many ex-wives he has, how many kids he has in college, and so on).

Since each insurance policy varies in the amount it will pay out, a dentist will usually adjust his dentistry to accommodate and reach this baseline. Some dentists (like myself) realize there is some give and take associated with taking different insurance policies and stay conservative. Some cannot lower that profit margin (or greed level) and simply provide unnecessary services. Those with questionable ethics may just start drilling more holes in your teeth.

How do types of insurance differ?

Indemnity Insurance—This is the holy grail of dental insurance. It calculates its payments based on a dentist's full fees. Patients are able to go any dentist they want. This type of insurance is getting rare because the costs for it have skyrocketed. The dentist gets all of his money, but you may end up paying a bit more as your percentages are calculated on the full fees. Yes, you pay more but think about how happy your dentist will be. 😊

PPO—With this type of plan your dentist agrees to charge less for his services in exchange for gaining more patients. You can still choose to go to any dentist you want but if you stay with someone in-network your fees will be lower. The benefit to the dentist is more patients since the majority of policyholders will choose in-network providers. This plan pays roughly 65-75% of the dentist's normal fees. It is important here to note that a typical dentist office runs at about 60% overhead so taking that 25% cut is a little more than half the profit he is actually making. Offices will offset this by seeing more patients, hiring cheaper staff, using cheaper materials and labs, or just plain doing more dentistry. Here is where your dentist's ethics will be tested. Will he accept that he is making less money and keep his treatment level constant or will he be tempted to find those mystery cavities and crowning teeth that may only need a filling?

DHMO—This type of plan really puts your dentist to the test. You can only go to one dentist: you get to choose from a list. It only pays out about 50% (or less) of the dentist fee but you are locked to that provider. The advantage to the patient is your out of pocket is very low and there are really not maximums to deal with. The advantage for the dentist is a ready flow of patients.

However, since this is less than our typical overhead, there really is no way to turn a profit unless the dentist does one of the things mentioned above to cut costs. A dentist may do all of them.

I took this type of policy when I first got started. Hey, 50% of something was better than 100% of nothing. I just needed people and a DHMO will get you lots of them. On paper it looks great. In reality, most people receive poor care when they have this type of insurance.

From a practical business perspective, there are additional factors involved when deciding which insurance plans to take. Some insurance companies simply refuse to pay in a reasonable amount of time. Some make you jump through hoops and may force you to pry the money out of their hands. Others have lowered their fee schedules to the point where it is simply impossible for me to continue taking them without compromising your dental care experience.

Each year, Urban Dental reviews the ever-evolving insurance plans. We evaluate which will allow us to have a reasonable income to cover our overhead so we can maintain a modern, safe and well-staffed practice. The bottom-line decision is based upon providing a range of insurance plans for the convenience of patients without restrictions that compromise the quality of patient care.

If you any questions or comments, feel free to [email](#) me.