It always amazes me that in orthodontics we run a multi-million-dollar business without the proper evaluation of fees and discounts on an annual basis. Instead we evaluate the fee structure within the practice by trying to compete with the orthodontic practice down the road or with the drive-by orthodontic practices in the neighborhood. Fees drive the efficiency in the practice and create the profitability.

**Where Do We Begin?**
The orthodontic practice must establish a daily goal based on adjusted contracts on an annual basis. The adjusted contracts per day should be set with a minimum 10% increase per year without adding days. There must be a written fee schedule presenting all discounts. This would include insurance levels and miscellaneous discounts. The written fee schedule should be reviewed by all team members. It is just as important for the clinical team to understand the fee schedule as it is for the treatment coordinator. How will your team members understand the value of the treatment you are providing if they do not understand the value per visit of each type of procedure?

Just as the treatment plan sequence is designed for the patient end-result, the fee structure should be applied to produce a profitable outcome for the practice. Begin by utilizing the debond analysis in Edge Cloud or by tracking your treatment completion information in a Microsoft Excel spreadsheet format. Determine the different categories of each treatment. As an example, Child Standard 1 may average 12-14 visits with the minimum per visit set at $350-450. Child Standard 2 may involve a TLC patient, a patient with missing teeth, or an additional appliance that may average 16-18 visits. This should be a higher fee. I recommend three standards for child and adult treatment. Aligner therapy is never a quick fix! Standard aligner therapy should reflect no less than $450-650 per visit. Generally, the least thought out fees are aligner therapy, re-treatment, and the transfer-in patient. Each of these procedures is very commonly underestimated in time and the number of visits.

**When Your Practice is Insurance Driven**
When your practice is insurance driven, evaluate what insurance companies make up your start base on an annual basis and with what discounted fees. The insurance game may be played and played well!

When a practice is insurance driven, they throw in the towel and do not take the time to evaluate the value per visit with the fees, and sometimes the fees are not changed for years. What business would not evaluate how to raise the bottom line by how they present the cost or investment for the product? Grocery stores track every product sold so that they may purchase more or keep that product at a lower cost to the consumer bringing them into the store to buy other products at a higher price. In orthodontics if we are insurance driven, the value per visit of a set fee must be evaluated for efficiency.

Is the financial/insurance coordinator billing properly to maximize the insurance levels? This sometimes means billing appliances separately or records and retention as a miscellaneous charge. Do not be a participant with an insurance carrier and just be the victim of the fee standards. Review how you may make each appointment count and produce the highest level per visit without compromise. This process may include combining appointments, or seeing the patient on a standard rotation of 8-10 weeks instead of 6-8 weeks. This may mean making adjustment appointments 30 minutes instead of 20 minutes to complete more of the mechanics or further treatment at a different pace during each visit. Review the scheduling of a repositioning appointment at a standard time during the
treatment sequence to complete treatment on a timely basis. Review treatment that was started too early in order to capture the patient because many times the value per visit is lower than if the case would have been started at a later date. I am not suggesting any compromise with treatment, I am suggesting taking control of each treatment visit to further the treatment plan while creating the best outcome.

**Review All Discounts**

Many times, the doctor is unaware of the number of discounts and the combination of discounts that are being given. Review the adjustments on your transaction summary report on a quarterly basis for trends and compare the same period to the previous year. There are certain discounts that the practice wants to see an increase, such as the family care discounts or any referral discounts, that show that the marketing dollars have been well spent. I like to see 15% to 20% PIF discounts to save the expense of the auto draft process and have a steady cash flow. If you treat Phase 1 patients, then you may see the same number of Phase 2 discounts. Set your discount cap at 8% if possible. The down payment and monthly payment amounts have become more flexible. Review annually how many of the no down payment contracts with extended monthly payments have ended by defaulting in payment.

**The Schedule Drives The Fees**

The final step will be to set up the schedule to represent the fees being charged. Profitability is not just about the number of starts, it is also about what type of start goes into each slot in the schedule. Set your bonding appointments in the schedule to grow the practice through the adjusted fees. If you are private pay only, then it is easy to establish bond slots to equal each fee less the discounts that may be given. For example, a $3 million practice may set three full bonds with one aligner therapy or two Phase 1 bonds at 160 days per year. If you are insurance driven practice, limit certain slots in your schedule to reflect the discounted fees for each insurance policy. For example, you may choose to only have two lower fee insurance starts per day/week and use the other bond slots for private pay or the insurances that create more income. Setting combination fees, such as combining a partial Phase 1 with a Full Phase treatment for a patient, will lower the value per visit and takes one to two extra bonding starts in a future schedule. Treatment times determine the profitability of each orthodontic case, and the schedule determines the treatment time!

If you are just trying to start any patient that enters the practice without a set daily goal or without planning your profit by fees and the number of visits, I will guarantee you will work too many days with a much higher overhead.

**The Good News**

Orthodontic practices do not need to be in the survival mode – they need to be in the business mode evaluating the fees, finances, and efficiency of the schedule to create income daily. There are all sorts of gimmicks that take our focus off of running a profitable and enjoyable practice!

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**About the Author**

Char Eash is the founder and CEO of Profit Marketing Systems South, inc., a Systems and Communication Enhancement firm. She also has been instrumental with OrthoLync an efficiency and workflow company. She will be speaking at the 2020 Users Group Meeting in San Diego.

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