

Improving Practice Productivity with Analytics



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Introduction

According to the ADA, in 2015, general dental practitioner net earnings were at an average of \$179,960. Practice owners averaged \$195,200 while non-owners netted approximately \$132,370. Dental specialists earned more, averaging around \$320,460. When adjusted for inflation, the average net income for all general dental practitioners has decreased substantially since the peak value was recorded in 2005. That year, the average net income was \$219,638.

Dental earnings have gone down as a result of several factors. There has been a decreasing demand for dental care because of falling or stagnant wages in almost all job fields across the country after the recession. Private dental insurance plans have lowered payment rates to dentists.

Dental practices have to deal with a larger number of patients who pay lesser than they used to.

The report also investigated workload among dentists. More dentists reported being busier in 2015 than in previous years. Patient volume has also increased in dental practices across the country.

This observation is further strengthened by the fact that the group practice sector of the dental workforce has experienced significant growth in a relatively short period of time.

According to the ADA Health Policy Resources Center, in just two years the number of large dental group practices has risen 25 percent. A 2012 "Distribution of Dentists" survey supports the trend, revealing that the proportion of dentists who own practices dropped from 91 percent in 1991 to 84.8 percent in 2012, and the proportion of solo practitioners dropped during that same time period from 67 percent to 57.5 percent.

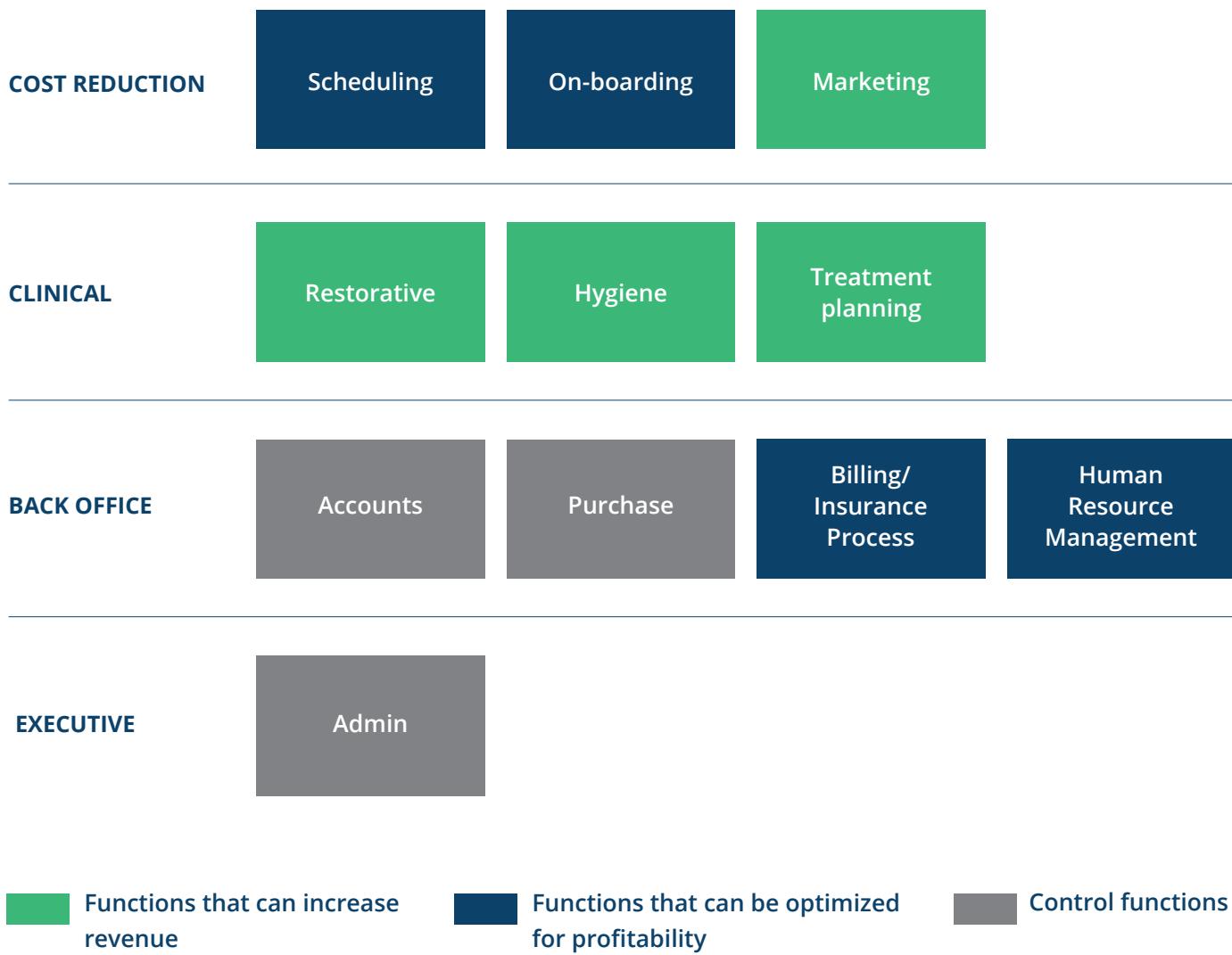
Dental practices are pivoting to group practice models, since the only way to compensate for this demand-gap in the market is to increase efficiency. Efficiency improves bottom-line profitability and helps the practice get back on a growth path. It also helps the staff of the practice work less and earn more.

The path to efficiency is rigorous and requires continuous improvement of each and every element of production, as well as operations. It requires understanding the gaps, figuring out corrective measures and tweaking them based on feedback of the changes. For all these stages, it becomes almost mandatory to have a well integrated, industry-specific analytics platform. Analytics platforms gather all available data from your practice and suggest where and how improvements can be made. They also help you keep track of the progress and get onto the path of continuous improvement.

In this paper, we will discuss how to achieve this through analytics and understand why implementing analytics in your practice is becoming increasingly important.

Understanding your practice better

To understand and utilize analytics, it is important to get a different perspective of how the practice works in terms of departments and functions, how various functions interact with each other and their dependencies.



Above is a simple illustration of the various functions that tie into each other. Marketing affects on-boarding, which influences scheduling. Marketing also affects the ratio of restorative and hygiene procedures. Treatment planning is tied into finance and scheduling. There are quite a few inter-connections if you look deep into day to day operations. Understanding what factors affect others and how is essential to effectively improve your practice. Following sections illustrate how data and analytics can improve the various aspects listed above.

Role of data

Each of the departments and functions generates a lot of data while they operate. Most of this data is not recorded, most of the data recorded is not consolidated and most of the consolidated data is not used to draw insights and even the insights drawn are not implemented. There is loss of value at every step.

Here is an example: Most practices have a record of the number of planned procedures that were conducted. They also have record of the treatment plans offered. However, very few take the pain to consolidate these numbers and even fewer study how they have changed with the type of procedure offered, pricing of the said procedure or the stage of a condition at which the patient accepted treatment. An analysis of such related data, will provide patterns to help your practice follow best practices and improve treatment acceptance rate for restorative treatments. Imagine how much of an improvement this brings to your revenue.

With an analytics system, similar insights that add value to your practice get drawn and presented to you regularly on a customizable dashboard. Let us explore some of the key areas that analytics platforms can assist with.

Clinical

Clinical side has two major functions. Restorative care and hygiene. Restorative care includes procedures that drive up profit margins while hygiene procedures ensure sustainability and a steady cash-flow.

The nature of analytics for clinical functions will be:



General: Factors that are derived from functioning of other processes. These are compared with past values for the same metric. If these numbers are low or show a downward trend, correction should be done on the contributing processes. For eg:-

- Total number of patients (depends on marketing, recall and treatment efficacy)
- Total number of procedures offered (depends on scheduling and services offered)
- Total number of procedures accepted (depends on patient education and demographic)



Provider-specific: Factors that are dependent on the qualitative aspects of the provider. This is always compared with the average of other providers. If these numbers are low or show a downward trend, correction should be done by feedback, training and discussion with specific providers. For eg:

- Treatment efficacy (depends on the skill of the provider and his team)
- Productivity (depends on treatment planning methods and speed of the provider)
- Treatment scheduling efficiency (depends on the provider's schedule and ability to manage multiple operators)



Efficiency indicators: Factors that are derived from multiple parameters and are indicative of specific goals of the practice as well as the practice's operating health. Lower values and downward trends should be corrected by change of strategy and approach to the business. For eg:

- Restorative utilization (percentage of restorative chairs occupied)
- Hygiene membership (percentage of hygiene cases that are repeat visits on a membership program)
- Patient satisfaction (percentage of patients satisfied with their visit and are likely to come back).

There are many more qualitative and quantitative parameters that are interlinked. A comparison of all these factors against patient profiles, gives you the subset of patients from your base that is most likely to drive up each parameter. These can be passed on to the front-office for prioritization in marketing efforts.

Front Office

Front office includes all functions that are patient-facing. This includes scheduling, on-boarding (registration of new patients & insurance verification of existing patients), patient payments and marketing efforts to drive patient growth.

Analytics for front office functions can be looked at as factors that enable growth of the practice and factors that track performance of staff.



Factors for practice growth: These include tracking of both the patient base and patient satisfaction.

- *Parameters that track the increase in number of patients visiting a practice:* This is the result of reminders, marketing and referrals. These numbers should be checked against the growth milestones of the practice. They should also have minimum values that should always be maintained. For eg:

- Number of new leads contacted (depends on database availability, processes and channels utilized)
- Campaign-specific visit rates (depends on the effectiveness of campaign channel, content and target)
- Scheduling efficiency: This is not a single metric and includes fulfillment (percentage of scheduled slots divided by the total number of scheduling requests received/generated), dropout rate (number of missed appointments) and re-scheduling efficiency (number of dropped appointments rescheduled successfully)

- *Parameters that track the stickiness patients to your practice:* This covers factors that ensure the patient's convenience and satisfaction. These numbers should be contrasted against industry averages for your location and demographic. For eg:

- Average check-in to check-out time: (depends on the patient flow processes, efficiency of employees involved and speed of operations)
- Average patient rating: (depends on courtesy offered, processes in patient flow and efficacy of treatment)
- Membership and re-visit rates: (percentage of patients who are actively visiting regularly)



Factors to track staff productivity: A fall in these numbers against average should be looked at, from the perspective of individual members of the staff as well as from the overall processes the organization runs. For eg:

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- Cost per new outbound contact: (measure of the operating efficiency when taken into account with current standards of service delivery)
 - Number of outbound contacts/ employee/ month: (depends on utilization of the employee as well as his/her performance)
 - Production capacity utilization: (total number of billed slots divided by total number of available slots in a month)

Back office

Back office functions enable production and drive business aspects of your practice. The nature of analytics for back office functions can be classified into:



Cash-flow metrics: Metrics that enable better & faster payment cycle

- Free cash: (amount of cash a practice holds at any point of time from operations)
- Average collection period: (average time taken from billing to receipt of payment in full)
- Collection percentage: (percentage of revenue that gets collected within a preset time frame)



Profitability metrics: Metrics that track bottom line profitability on a procedure level to ensure you have the best fee schedules in place. These numbers also help you understand where to optimize cost.

- Procedure profitability: (percentage profitability on a procedure by procedure basis, calculated after accommodating inventory, manpower and overhead costs)
- Production capacity utilization: (total operatory slots utilized divided by the total number of operatory slots in the practice in a month)
- Average production per patient: (total revenue generated divided by total number of patients)

A lot of insight drawn from back-office is linked to efficiency of front office and production. These indices maintain financial health of the practice and enable it to thrive.

Executive dashboards

Executive dashboards and metrics provide high level business health indicators. These numbers become highly relevant for DSOs and group practices. Combined with cloud-based systems that offer real time data, these parameters enable the practice owner to regain control over all aspects of the practice. Low performing indicators can be drilled down to contributing metrics to figure out probable causes and to come up with potential solutions. The progress of these solutions can then be monitored and tracked against time.



Operational health indicators: These include audit analysis that tracks the lost opportunities for production as well as custom reporting metrics to assist your time tested management model.

- Scheduling audit: (reports on lost opportunities for production while scheduling)
- Clinical audit:
 - Doctor production vs. hygiene production: (usual desirable ratio is at 3:1 with 75% of the production coming from the dentist)
 - Percentage of hygiene patients scheduled: (percentage of hygiene patients scheduled for their next appointment at all times)
- Custom reporting: (protocols and processes each office operates under)



Financial health indicators: These include basic financial parameters of any business, including revenue, gross margin, profitability, free cash, EBITDA displayed as a trend relative to past performance and compared against expected target values.

Keeping a track of these numbers allow practice owners to guide their practices on their growth path, setting milestones and embracing continuous improvement as a part of the work culture in their practices.

CareStack analytics: Simple powerful data

An integrated cloud based practice management system, like CareStack comes embedded with a powerful analytics engine that lets practices collect, prepare, analyze, visualize and track data. Such a system also gives confidence for the management to act on the data and create a data-driven decision making culture in their practice.

With CareStack, practices can perform:



Data extraction and preparation: Extract data from multiple sources and prepare it for further analysis using the ETL tools available within CareStack™.



Reporting: Centrally generate and access various reports that determine the health of the practice.



Visualizations and Business Intelligence: Visualize your data and uncover meaningful and actionable insights on all aspects of your business.

- Personalized dashboards
- KPI's & Drilldowns
- Actionable insights



Performance management: Ensure that the providers and users are aligned to practice goals by incentivizing the staff based on performance.

- Goal setting & tracking
- Gamification
- Profitability analysis



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Good Methods Global
2940 Mallory Cir, St 101,
Celebration, FL, 34747
Ph: (407) 833-6123

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