



Dynamic Dental Advisors

# PRACTICE OPTIMIZATION ROADMAP REPORT

Prepared For: EXAMPLE PRACTICE

Date: August 18th, 2021

Dynamic Dental Advisors (DDA) would like to thank you for allowing our team to learn more about you and your practice. We know every dentist and practice is unique and may be at different stages in their career, which is why we strive to meet you wherever you are in your journey, personally and professionally.

Over the past several weeks, our team has performed a thorough analysis of the data you provided. We measured your information against industry benchmarks and best practices to develop the enclosed Executive Summary Roadmap. The report outlines areas of opportunity to increase profitability, reduce costs and improve the efficiency of your practice. It also includes an overview of a financial structure we recommend using to ensure you are receiving the maximum tax and accounting benefits, as well as an overview of our implementation process and benchmarking plan for your practice.

Your Executive Summary Roadmap is a great resource as you work to better optimize your practice, whether you decide to use it as a guide to enhance your practice on your own or you utilize DDA for additional support to achieve your goals.

We are committed to building true, trusting relationships with each practitioner we work with. If you choose to move forward and partner with DDA, we want to make it as easy and risk-free as possible. We guarantee you will be satisfied with the relationship and results or you can exit our agreement within 30-days. The information we have obtained from you so far has provided us with some great insight on the current state of your practice.

After today, if you would like a more comprehensive plan for your practice, we would contact you to coordinate a follow up meeting to discuss your individual goals and the goals for your practice in more detail.

Again, we thank you for giving us the opportunity to learn about your practice and look forward to continuing to build a collaborative partnership with you to help you optimize your practice and achieve your goals.

We're here for you, every step of the way!

Sincerely,

Meghan Conger  
DDA - Chief Practice Management Officer

**Your Practice. Your Team. Your Solution.**

## FINANCIAL BENCHMARKING SUMMARY

### Profit & Loss Statement Review

The following P&L summarizes the projected current year, as well as, the proposed growth in the next fiscal year based on the opportunities in this report

#### Increase in Practice Profitability

**\$97,910**

### EXAMPLE PRACTICE

Practice Optimization & Benchmarking Analysis

	Projected 2020	2020 Projected Ratio	Proposed Growth 2021	Proposed Benchmark Ratio
Total Production	\$997,240	-	\$1,106,055	-
Total Adjustments (% of Total Production)	\$75,953	7.6%	\$84,241	7.6%
Collectible (Net Production)	\$921,287	92.4%	\$1,021,814	92.4%
Total Income Collected (Revenue)	\$922,906	100.2%	\$1,023,610	100.2%
Total Operating Expenses	\$616,256	66.8%	\$619,050	60.5%
Net Income (Practice Profitability)	\$306,650	33.2%	\$404,560	39.5%
<b>Increase in Practice Profitability 2020 to 2021</b>			<b>\$97,910</b>	<b>32%</b>

\*This takes into account add'l operating expenses from the new proposed production.

### P&L Definitions

Due to accountants utilizing different terms on profit & loss statements, the table below provides definitions of the terms above to provide clarity.

Term	Definition
<b>Total Production</b>	Total Production or Gross production is the total amount of dentistry produced and billed out by your practice for the year, before any discounts or adjustments.
<b>Total Adjustments</b>	The dollar amount written off due to participation in PPOs, patient discounts, refunds, membership plans, etc.
<b>Collectible</b>	Collectible or Net Production is the dollar amount your practice can collect based on the difference between Total Production & Total Adjustments
<b>Total Income Collected</b>	The Total Income Collected or Revenue is the actual dollar amount your practice received from patient and insurance payments for services provided
<b>Total Operating Expenses</b>	The Total Operating Expenses is all expenses to run your practice including supplies, lab, staff, rent, insurance, etc.
<b>Net Income</b>	The Net Income or Practice Profitability is the difference between the Total Income Collected and Total Operating Expenses before any Owner Compensation. The Net Income represents the potential take home amount for practice owners.

## DENTAL FEE ANALYSIS EXECUTIVE SUMMARY

### PURPOSE & METHODOLOGY

The data used for this analysis is the NDAS Comprehensive Fee Report. Your fee schedule and production are compared to the NDAS report and the percentiles were adjusted based on your zip code. The purpose of the analysis includes:

- Understanding how you compare to your peers in the same area
- Provide insight to explore new opportunities for revenue to build financial stability (Fee Adjustment Opportunities)

### THE RESULTS

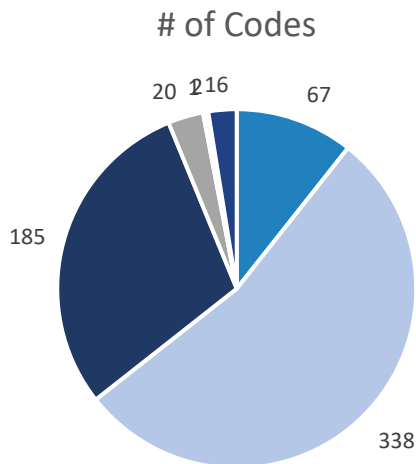
# of Codes Analyzed

**629**

Average Percentile

**52%**

### PERCENTILE BREAKDOWN



Percentile	# of Codes	%
<40%	16	3%
40%	67	11%
50%	338	54%
60%	185	29%
70%	20	3%
80%	1	0%
90%	0	0%
95%	2	0%

### TOP-10 HIGHEST CODES

Code	Production Qty	Current Fee	Total Production	Current Percentile
D6057	0	\$1,029	\$0	95%
D0365	0	\$435	\$0	70%
D3910	0	\$282	\$0	70%
D6055	0	\$3,602	\$0	95%
D0364	0	\$401	\$0	70%
D0366	0	\$415	\$0	70%
D0367	0	\$419	\$0	70%
D0417	0	\$242	\$0	70%
D4265	0	\$662	\$0	70%
D5937	0	\$865	\$0	70%

### TOP-10 LOWEST CODES

Code	Production Qty	Current Fee	Total Production	Current Percentile
D4346	257	\$199	\$51,143	40%
D2392	82	\$278	\$22,796	50%
D2740	146	\$1,339	\$195,494	50%
D1110	1322	\$109	\$144,098	50%
D0120	1240	\$61	\$75,640	50%
D0210	301	\$157	\$47,257	50%
D0274	558	\$79	\$44,082	50%
D0150	368	\$106	\$39,008	50%
D4910	149	\$161	\$23,989	50%
D4341	77	\$302	\$23,254	50%

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## DENTAL FEE ANALYSIS EXECUTIVE SUMMARY CONTINUED

### TOP-10 CODE OPPORTUNITIES

Below shows the top-10 opportunities to create the most impact on gross production by increasing low percentile fees

Potential Increase in Gross Production	<b>\$15,609</b>
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Code	Current Fee	QTY	%	Current Production	New Fee	%	New Production	Increase
D4346	\$ 199.00	257	40%	\$ 51,143.00	\$ 199.60	50%	\$ 51,296.43	\$ 153
D2392	\$ 278.00	82	50%	\$ 22,796.00	\$ 284.85	60%	\$ 23,357.86	\$ 562
D2740	\$ 1,339.00	146	50%	\$ 195,494.00	\$ 1,367.09	60%	\$ 199,594.99	\$ 4,101
D1110	\$ 109.00	1322	50%	\$ 144,098.00	\$ 111.33	60%	\$ 147,182.23	\$ 3,084
D0120	\$ 61.00	1240	50%	\$ 75,640.00	\$ 63.19	60%	\$ 78,354.36	\$ 2,714
D0210	\$ 157.00	301	50%	\$ 47,257.00	\$ 160.48	60%	\$ 48,304.48	\$ 1,047
D0274	\$ 79.00	558	50%	\$ 44,082.00	\$ 80.24	60%	\$ 44,773.92	\$ 692
D0150	\$ 106.00	368	50%	\$ 39,008.00	\$ 110.33	60%	\$ 40,601.44	\$ 1,593
D4910	\$ 161.00	149	50%	\$ 23,989.00	\$ 166.50	60%	\$ 24,808.20	\$ 819
D4341	\$ 302.00	77	50%	\$ 23,254.00	\$ 312.94	60%	\$ 24,096.07	\$ 842
<b>Projected Increased Revenue</b>							<b>\$ 682,369.99</b>	<b>\$ 15,609</b>

### THINGS TO CONSIDER



Periodic Fee Schedule Evaluation



Communicate Changes to Staff (They have insights into patients)



Underwater on Any Codes? (Expenses > Fee)



Round Up (To Next Dollar or Ten Dollars)



Understand your Patient Mix (PPO vs. FFS)



Build A Strategy & Cadence (Goals, KPIs, etc.)

### 2021 ADA Code Updates

In 2021, the ADA created 28 new codes, revised 29 codes/descriptors, and deleted 4 codes. Please see below for a summary. For specific details on each change, please visit: <https://dynamic-da.com/2021-code-changes>. The new codes are listed below by service type.

Service Type	Codes	Description	Service Type	Codes	Description
Diagnostic	D0604 & D0605	COVID Testing	Maxillofacial Prosthetics	D5995 - D5996	Periodontal Medicament Carrier w/ Peripheral Seal
	D0701 - D0709	Radiographic Imaging			
Preventive	D1321	Substance Abuse Consulting	Implant Services	D6191 - D6192	Semi - Precision Attachment - Placement
	D1355	Caries Medicament			
Restorative	D2928	Prefab. Ceramic/Porcelain Crown - Permanent Tooth	Oral & Maxillofacial Surgery	D7961	Buccal/Labial Frenectomy
Endodontics	D3471 - 3473	Surgical Repair of Root Resorption anterior - molar		D7962	Lingual Frenectomy
				D7993	Surgical Placement of Craniofacial Implant - Extra Oral
				D7994	Surgical Placement: Zygomatic Implant
	D3501 - D3503	Surgical Exposure of Root Surface w/o apicoectomy			

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## CODE UTILIZATION EXECUTIVE SUMMARY

### Code Utilization Benchmarks

This potential is based on management of code utilization. No increase to your existing fee schedule is included in the potential outlined below.



Key Performance Indicator	Ratio	Benchmark	Min	Goal	Stretch	Comments
X-Ray Utilization @ Recall	39%	50%	\$3,365	\$9,296	\$15,227	Bitewing X-Rays to be taken 1x/year during recall
Periodic Exams @ Recall	83%	100%	\$0	\$6,792	\$15,952	100% Great, 70-100% Good, <70% Needs Improvement
Patient Emergency Coding	10%	75%	\$14,274	\$23,127	\$31,980	>75% Great, 50-75% Good, <50% Needs Improvement
Perio Utilization	16%	20-30%	\$14,812	\$32,890	\$50,968	>35% Great, 25-35% Good, <25% Needs Improvement
X-Ray Utilization w/ New Patients	82%	100%	\$0	\$9,112	\$21,624	
<b>Total Opportunity</b>			<b>\$32,451</b>	<b>\$81,218</b>	<b>\$135,751</b>	

### 3 & 4 Surface Resins vs. Crowns

This potential is based on crown utilization versus 3 & 4 surface resins.



	Qty	Fee	Conversion	Min	Goal	Stretch
3-Surface Resins	44	\$340	33%	\$4,332	\$8,664	\$14,295
4-Surface Resins	4	\$401	100%	\$2,955	\$3,325	\$3,694
<b>Total Opportunity</b>				<b>\$7,287</b>	<b>\$11,988</b>	<b>\$17,989</b>

### Fee & Code Utilization Total Opportunity

Below summarizes the potential increase in gross production and collectible income based on the code utilization analysis and fee schedule analysis



Opportunity	Min	Goal	Stretch
Top-10 Code Opportunity	-	\$15,609	\$39,022
Code Utilization Opportunity	\$32,451	\$81,218	\$135,751
3 & 4 Surface Resins	\$7,287	\$11,988	\$17,989
<b>Total Production Opportunity</b>	<b>\$39,738</b>	<b>\$108,815</b>	<b>\$192,762</b>
<b>Collectible Income</b>	<b>\$36,712</b>	<b>\$100,527</b>	<b>\$178,081</b>

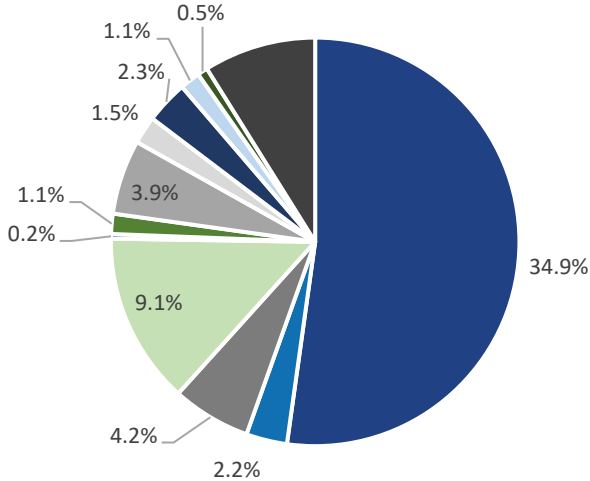
## COST REDUCTION EXECUTIVE SUMMARY

### Cost Management & Reduction Opportunities

Below reviews various overhead expenses from your P&L versus industry benchmarks and identifies opportunities for cost reduction.



### Expense Breakdown



Expense Category	\$	%
Team Expense	\$321,758	34.9%
Laboratory	\$20,004	2.2%
Building Expenses	\$38,400	4.2%
Dental Supplies	\$83,570	9.1%
Office Supplies	\$2,264	0.2%
Computer & IT Expenses	\$9,852	1.1%
Maintenance & Repairs	\$36,428	3.9%
Recruiting Expenses	\$13,516	1.5%
Insurance	\$20,846	2.3%
Merchant & Bank Fees	\$9,852	1.1%
Uniforms	\$4,980	0.5%
Other Expenses	\$54,786	5.9%
<b>Total</b>	<b>\$616,256</b>	<b>67%</b>

% Column = Expense / Gross Profit

Industry Benchmark is 60% ^

### Cost Reduction Opportunity Examples

Below provides a list of solutions DDA has to offer through their collaborators to help implement practice cost reduction initiatives



5 - 15% on Credit Card Processing



Loan & Mortgage Refinancing



Marketing Options with Guaranteed ROI



Discounted Equipment & Service



20 - 70% on Dental Supplies



10 - 25% on Lab Expenses



Discounted Liability Insurance



Discounted Office Supplies

## PRACTICE OPTIMIZATION SUMMARY

### Overall Opportunity Summary

Below provides a summary of all the opportunities presented on previous pages in cash.

### Profitability Increase

**\$97,911**



Opportunity	Min	Goal	Stretch
Net Production Increase (Code & Fees)	\$36,712	\$100,527	\$178,081
Cost Reduction Opportunity	\$14,725	\$29,450	\$44,175
Increase in Operating Expense	-\$11,710	-\$32,066	-\$56,805
<b>Total Opportunity</b>	<b>\$39,726</b>	<b>\$97,911</b>	<b>\$165,451</b>

### Optimization Roadmap

The following provides a roadmap for achieving the proposed growth in the P&L Review above utilization findings in this report.

Q1	Q2	Q3	Q4
<b>\$24,847</b>	<b>\$29,275</b>	<b>\$28,235</b>	<b>\$15,553</b>
<ul style="list-style-type: none"> <li>*Set Production, Collection &amp; Profitability Goals and Benchmarks for the year</li> <li>*Implement top-3 Cost Reduction Initiatives</li> <li>*Address Fees by code</li> </ul>	<ul style="list-style-type: none"> <li>*Discuss team utilization to maximize team expense &amp; productivity</li> <li>*Review all expense categories and identify opportunities to lower costs</li> <li>*Address coding when submitting services to Insurance</li> </ul>	<ul style="list-style-type: none"> <li>*Discuss SOPs for the practice to improve efficiency &amp; increase profitability. Ensure SOPs support profitability goals.</li> <li>*Implement SOPs to achieve set goals, Team training.</li> <li>*Begin to discuss roadmap for the upcoming year</li> </ul>	<ul style="list-style-type: none"> <li>*Review the current year; how well did we achieve our roadmap?</li> <li>*Finalize Roadmap for the upcoming year; Fees, Improvements to Office Systems, Operational Goals &amp; Financial Goals</li> <li>*Support Owner Doctor with information for Team member Performance Reviews and Benefit &amp; Wage Reviews</li> </ul>

## WAGES SUMMARY

### Team Wages

COVID-19 has put extra strain on the dental workforce. Staffing shortages are affecting dental practices across the country. We are currently faced with larger numbers than ever of retiring dentists, hygienists, dental assistants, and front desk team members due to the increased risks of providing care in the healthcare setting. Retirement transitions were posing concern in 2019 with a trend in significant wage increases for hygienists, especially for positions in and around large metropolitan areas. The impact of the pandemic in 2020 has only continued this trend and today's workforce shortage has ignited an attempt by dental practices to make themselves more appealing to applicants by offering higher wages.

### Defining Full-Time Employment

Within the health care industry, there are many thoughts as to the number of hours that are considered full-time employment. When asked the definition of a full-time employee, there is almost an even split between those who consider 30 to 32 hours per week as full-time and those who consider over 32 hours per week as full-time. As wages and benefits are reviewed below, please keep in mind that this data is based on full-time employment as it relates to 32 or more hours per week.

Hourly Wages				
	25th Percentile	50th Percentile	75th Percentile	90th Percentile
<b>Front Desk Team</b>				
1 Year or Less Experience	\$14.68	\$16.00	\$18.00	\$20.00
2 - 5 Years of Experience	\$16.00	\$18.00	\$20.50	\$22.75
5 - 10 Years of Experience	\$18.88	\$20.00	\$22.00	\$24.00
10+ Years of Experience	\$20.00	\$22.00	\$25.00	\$27.50
<b>Registered Dental Hygienist</b>				
1 Year or Less Experience	\$30.00	\$32.00	\$35.00	\$36.00
2 - 5 Years of Experience	\$32.00	\$34.00	\$36.00	\$37.50
5 - 10 Years of Experience	\$36.00	\$37.50	\$38.00	\$40.00
10+ Years of Experience	\$37.00	\$39.00	\$42.50	\$44.00
<b>Dental Assistant</b>				
1 Year or Less Experience	\$14.50	\$16.00	\$17.50	\$20.00
2 - 5 Years of Experience	\$16.00	\$18.00	\$20.00	\$22.00
5 - 10 Years of Experience	\$18.00	\$19.98	\$22.00	\$25.00
10+ Years of Experience	\$20.00	\$22.75	\$25.00	\$28.30
<b>Office Manager</b>				
1 Year or Less Experience	\$20.00	\$24.00	\$25.00	\$28.00
2 - 5 Years of Experience	\$22.50	\$26.00	\$29.00	\$34.55
5 - 10 Years of Experience	\$22.88	\$25.00	\$30.00	\$32.75
10+ Years of Experience	\$25.00	\$28.92	\$33.00	\$36.84



## BENEFITS SUMMARY

### Employee Benefits

With the ongoing battle to retain quality team members, there is an upswing in the number of practices offering health insurance and other employee benefits, such as retirement plans and uniform allowances. Recruits are looking for more than just a salary. In order to hire and retain qualified employees, dental practice owners should be asking themselves what benefits their competitors are offering and how they can introduce similar offerings in their own practice.

#### Health Insurance Overview

Although the majority of dental practices don't offer health insurance to their employees, the percentage of practices that do has steadily increased year over year. It would be advantageous for practices that do not currently offer health insurance to begin looking into the cost for their employees, as this is becoming a game changer for employee retention.



#### Retirement Plan Options

Employees saving for their retirement instead of counting on Social Security benefits are now the norm instead of the exception. Many dental practices maintain a 401(k) plan so that employees may defer a portion of their wages to the plan. And many of these practices provide a matching contribution. Other dental practices have included a profit-sharing plan with their 401(k) plan, since the contribution may be discretionary and made during the more profitable years of the practice.



#### Dental Benefits

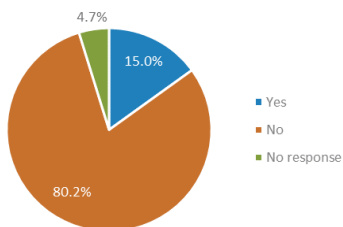
Dental practices overwhelmingly offer dental courtesy discounts, with 98.2% of respondents offering a discount to employees, and 95.9% offering a discount to employees' family members. Given that the vast majority of respondents offer this benefit, it might be considered disadvantageous to staff retention if this benefit is not offered by the practice.



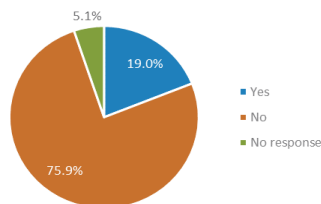
#### Other Benefits

As you consider offering additional benefits to employees, consider what benefit options your current staff and potential hires might be looking for.

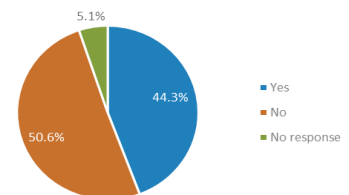
Life Insurance



Disability Insurance



Payment for Professional Memberships or Organizational Benefits/Dues

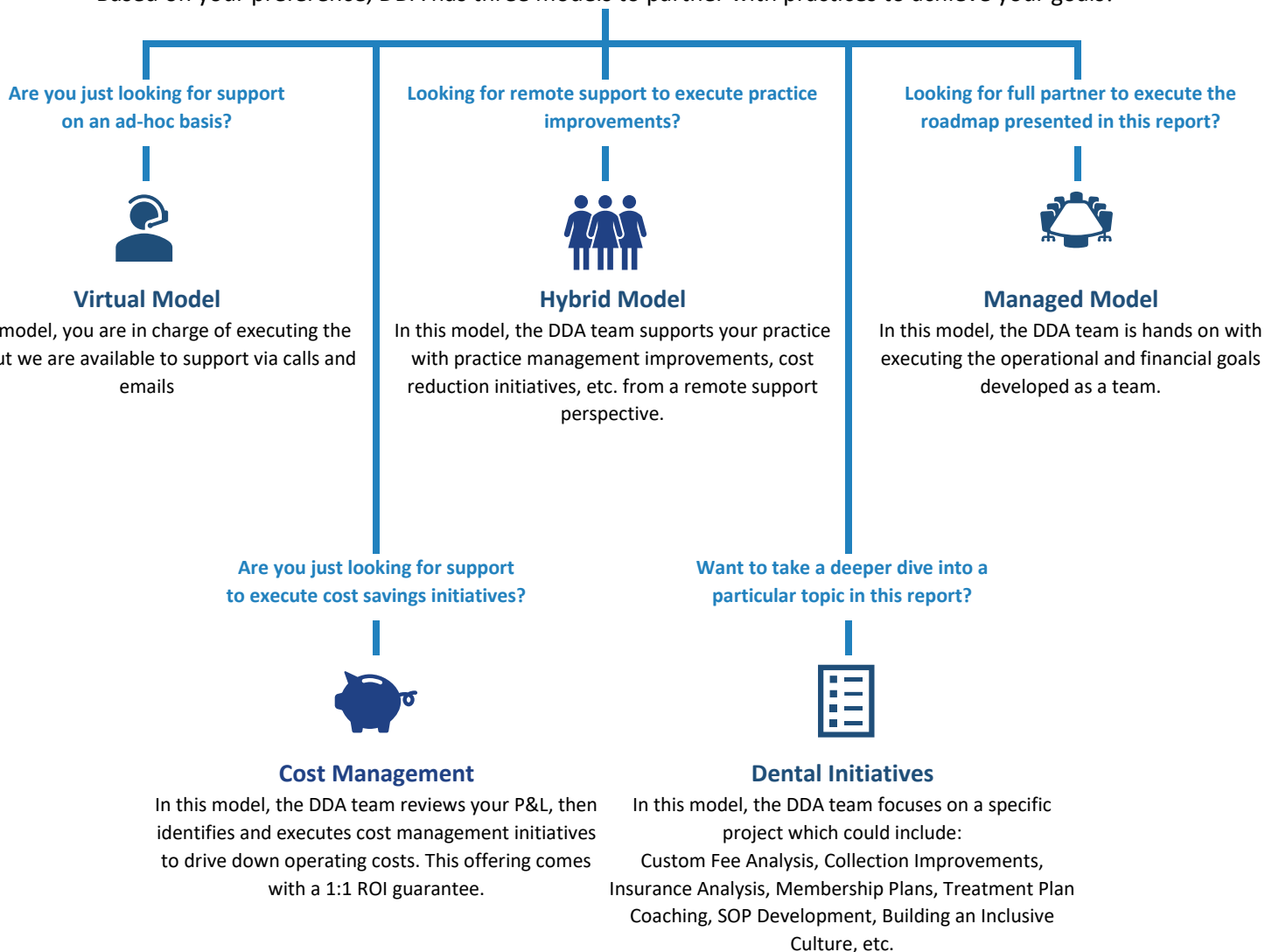


## YOUR PRACTICE. YOUR TEAM. YOUR SOLUTION.

### How DDA Can Assist

Did you see value in this report and are looking for assistance on implementing improvements?

Based on your preference, DDA has three models to partner with practices to achieve your goals!



If you are interested in learning more about how DDA can assist your practice, please reach out to:

[mconger@dynamic-da.com](mailto:mconger@dynamic-da.com)