Creating a Lean Dental Office: The Benefits of Implementing Electronic Claims Technology

Richard Moore
President/CEO, Mercury Data Exchange (MDE)

Dental practices face many challenges in today’s economic environment. You have to maintain profitability while making sure that patient production keeps up with the costs of doing business. Of course, there are times when decreased production is inevitable, despite your best efforts to get patients into the chair. That is when it becomes more important than ever to be sure that office production is efficient, or lean.

“Lean production” involves doing more with less by eliminating the things your office does that cost you time and/or money. It might be something as simple as replacing paper-based insurance claims processes with electronic-based claims processes.

Staggering statistics
Implementing electronic claims processing is an investment toward a lean production system – one that will streamline the process and produce financial gains in the future. The average rejection rate for paper claims is 25 percent, compared to a rejection rate of less than two percent for electronic claims. Assuming there are no rejections, electronic claims are processed within 15 to 21 days on average, while paper claims take 30 to 60 days to process. When a paper claim is rejected, the average processing time doubles; by contrast, rejected electronic claims can be sent back to the provider within the same business day for reconciliation when real-time technology is being used.

If an electronic claims processing system can minimize payment delays, it can ultimately reduce a practice’s administrative costs. According to published reports, approximately 20 percent of health care costs in the U.S. are related to transactions, including manual data entry, eligibility verification and claims and payment processing. Processing electronic claims costs 46 percent less than processing paper claims.

Slim down the paper stacks
As of a December 2009 report released by the American Dental Association (ADA), approximately 50 percent of dentists still relied on paper claims. That means printing out the many papers and forms required for claims processing. This translates into hard costs for paper, printing, and postage - not to mention staff time spent compiling the necessary information, facilitating various mailings and conducting follow-up calls with payers and patients.

If you have a general one-dentist practice that submits an average of 2,000 claims a year, you are creating at least 10,000 pieces of paper annually – more if any of your claims are rejected.

Optimizing electronic processing
While moving to an electronic platform for claims transactions can improve your administrative efficiency, real-time adjudication technology offers a chance to expedite the process even further. Here is a step-by-step review of how real-time communications affect the transactions related to a patient’s visit.

1. Eligibility: To verify eligibility manually, office staff must call each insurer or check the payer’s website to determine whether or not the patient is eligible for treatment and collect the most up-to-date benefits information to help determine treatments and patient payments. Real-time eligibility verification enables staff to submit an electronic request for patient eligibility, co-payment amount and other benefits information can be secured before the patient reaches the office.

2. Predetermination: Predetermination or pre-authorization processes typically occur after the initial examination is over and the patient has left the office. These communications often require staff to mail in forms and documentation and place follow-up calls to patients and insurance providers before determining the next steps in a treatment plan. Real-time predetermination and pre-authorization of benefits allow staff members to inform the patient of the exact amount a dental insurer will pay for each treatment plan without the need for follow-up calls. At the same
time, patients can schedule appointments, arrange payment plans and discuss financing options (as needed) before they even leave the office.

3. Claims processing: Real-time processing enables staff to submit claims the second a patient leaves the operatory. The practice can determine how much money the insurance company will pay and thus identify the amount that the patient will need to pay up front. Staff also gains access to an electronic explanation of benefits that shows the amount the insurance company will cover and the patient’s financial responsibility for services rendered, eliminating the need to mail documentation to the patient. This approach gives patients the opportunity to ask questions about insurance benefits and the breakdown of their financial responsibility.

These options provide dental offices with a range of benefits. Real-time transactions eliminate the need for staff to call insurance companies or search through individual insurer websites while receiving immediate insight into each transaction and thus optimizing efficiency. The end result is that everyone in the office has more time to spend with patients. Additionally, the real-time predetermination means that patients can work with the dentist to plan a treatment schedule that works with their financial needs, gain a better understanding of how their insurance works and avoid the possibility of surprise dental bills showing up in the mail weeks or even months after the conclusion of treatment.

By taking a proactive approach to establishing lean production methods, instituting electronic claims processes and implementing real-time communications with insurers, dental offices can experience a multitude of benefits. A lean office is not only more efficient and profitable, it also can produce a loyal, satisfied patient base that receives quick and supportive customer service and superior dental care. It is a chance to get lean without getting mean!

Richard Moore is president and CEO of Mercury Data Exchange (MDE) and Brian Cutler is senior vice president of the company. MDE is a provider of real-time electronic data interchange and real-time adjudication services for dental offices, providers, and vendors. MDE is an LDA/LDS endorsed company. To learn more, visit www.whyMDE.com.