



# WSDA Webinar

## WDS Fee Rollback Implications and Actions



## Example Practice Value Scenario

- Practice collections are \$900,000 annually with net profit to the owner/Doctor of \$338,000.
- This represents general overhead of 62% and a 38% net profit.
- The value of the practice before WDS implications is \$800,000.
- After paying the practice overhead and the bank loans, a buyer could expect to net \$219,000 annually. This represents 24% of collections, a very good number.



## WDS Implication

- If WDS revenues represented 50% of all collections, and if WDS fees were reduced by 15%, net to the owner/Doctor could be reduced by \$67,500, leaving a net of \$270,000.
- This represents 70% overhead and 30% net profit.



## How this could impact selling value

- The reduction in net left to the buyer, after paying practice overhead and the bank loans is now estimated at \$160,000 on the selling value of \$800,000. This represents only 18% of collections and the result is a practice very difficult to transition at \$800,000



# What can you do to protect your practice value?

1. If you do not have one, establish a UCR fee schedule separate from that of WDS. You may bill UCR fees to any patient in which you do not have a PPO contract with.
2. Look closely at your production by procedure report. It is very common for a practice to generate over 50% of its revenue in 7 to 8 procedure codes. Be sure your fee for those procedures are in line.
3. Begin tracking how many procedures the practice may not be billing for. Emergency exams, films, fluoride, build-up, perio therapy, to cite a few.



(protecting  
practice value,  
cont.)

4. Look at reimbursement of other PPO's in comparison with WDS. Contact the larger employers of your area and ask the HR department who they contract with.
5. Most general overhead in a practice is not extremely variable. However, check your operating statement thoroughly. Look for any areas which may be suspect and improved upon.
6. If it is deemed in the best interest of the business to remain a WDS provider, then you may need to make up for any decreases in fees by increasing the volume of patients seen in a day. Check efficiency, scheduling, and possibly consider altering the way you work.
7. If it is deemed in the best interest of the business to terminate your WDS provider contract, have a well thought-out exit strategy in place.



## WDS exit strategy

- All team members should be proactively initiating conversations of why the practice has elected to move in this direction. We have material available to help facilitate these communications.
- We recommend having a letter ready to be distributed to patients. It is likely, once you submit your letter of termination to a PPO carrier, that a notice is then sent by that PPO carrier to the patient alerting the patient of your termination.
- Work with your team in enhancing your patients' experience in the practice. Chances are your patients know of no distinguishable differences between your dentistry and others. The team can be an excellent purveyor of this.