



Discount plans: Packing in the penny-pinching patients

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"Buy one, get one free!" "On sale!" "Half-price with this coupon!" Such come-ons can be effective in luring customers to supermarkets, drug stores, and restaurants. Now dentists can tap similar marketing techniques via dental discount plans.

The plans may pack your office with new patients. But as an October 2006 article in the Academy of General Dentistry's [AGD Impact](#) newsletter reports, such schemes come with pitfalls as well as promise.

The basic mechanism of dental discount plans is fairly simple. Patients pay an annual fee in the neighborhood of \$70 or \$80 and receive a list of dentists who are willing to offer procedures at a discount, typically 20 percent to 30 percent.

The patients are happy because they merely present a card to a dentist in the plan and presto, they save money. The savings increase the more procedures the patient has done.

Dentists are happy because patients who would have gone to a competitor--or not seen a dentist at all--are coming to their offices.

Not all plans are created equal. Patients may be particularly reluctant to sign up for discount plans with a small list of providers, the article notes.

Also, problems can arise when a dentist or patient misunderstands how the scheme works. "If the patient is under the impression this is insurance, that's a problem," [Tom Limoli](#), an Atlanta-based insurance consultant told DrBicuspid.com. "It's not insurance. It's marketing on behalf of the dentist." The confusion is not uncommon, since some companies sell both insurance and discount plan, and some vendors blur the distinction in their advertising. If nothing else, patients that have insurance *and* a discount plan may have problems sorting the two out.

Because of such complaints, state regulators are starting to get involved, forcing vendors to be more forthcoming.

Another drawback for dentists can be confusing contracts. According to the *AGD Impact* article, some contracts force the dentist to honor discounts offered by the carrier's affiliates or subsidiaries, compelling the dentist to offer different sets of discounts. When carriers merge with other companies, the terms of the plan can also change on short notice. Typically, says the report, dentists can extricate themselves only by canceling all plans and giving the carrier and affected patients two to three months notice.

The most telling problem for dentists, says Limoli, is that plan patients pay less. Since there is no insurance company making up the difference, dentists make less money off these patients. Nor are plan patients likely to spring for the sort of elective procedures that can fatten a dentist's bottom line. "[Plans do] bring in patients, but it's a type of patient that is very thrifty," Limoli said.

To make up for the lost income, says Limoli, dentists must trim their administrative costs. Since there is no paperwork to file with an insurance company, a dental discount plan can save office staff time. The key is requiring plan patients to pay upfront. If they can't afford to pay on the spot, dentists should ask them to use credit cards or borrow money from a third party, Limoli advises.

The AGD article stops short of giving discount plans a thumbs up or thumbs down. But Limoli, while cautioning against the pitfalls inherent in these plans, thinks they can work to everyone's advantage because they reach a population that typically avoids dentists. "Many people don't seek dental care because it's too expensive," he says. "Dentistry has to be more available to more people."