

2023 Dental Payment posting Guide

Five Costly Mistakes
To Avoid

5

**PAYMENT
POSTING**

Content

Introduction	3-4
#1: Ignoring the Importance of meticulously doing a payment posting job.	5
#2: Failing to Keep Up with Market Trends and Consumer Behavior	6
#3: Neglecting to Co-Payments and Deductibles	7
#4: Inaccurate Payment Allocation	8
#5: Neglecting to Attach EOBs or ERAs: A Costly Mistake in Payment Posting	9
Conclusion	10
Appendix : Testimonials	11

Introduction

The Impact of Inefficient Payment Posting Tasks on Dental Office Revenue: Uncovering the Potential Losses

Many businesses have seen a strong post-pandemic comeback. According to a survey, around 90% of businesses reported increased productivity in 2021 compared to the previous year, while 75% experienced a rise in collections after a steep decline in 2020. However, only 46% saw an increase in profits due to rising overhead costs.

To address this challenge and boost profitability, businesses must prioritize optimizing payment posting strategies. By focusing on providing exceptional and accurate payment posting, businesses can maximize revenue potential. Neglecting payment posting efforts can result in revenue loss and missed opportunities for repeat business.

Introduction:

Efficient payment posting tasks are crucial for dental offices to ensure accurate reimbursement and maintain a healthy revenue stream. However, inefficient practices in payment posting can lead to significant financial losses. In this article, we will explore the potential financial impact of ineffective payment posting tasks on dental office revenue, shedding light on the numerical data that highlights the magnitude of these losses.

Unfortunately, the dental industry has witnessed a decline in average reimbursement rates in recent years, leading to a significant impact on the profitability of many dental practices.



- **Delayed Payments and Cash Flow Impact:**

- Inefficient payment posting processes can lead to delayed reimbursement, affecting the cash flow of dental offices.
- Based on industry averages, a 30-day delay in payment can result in a 5-10% decrease in practice profitability.
- For a dental office with an annual revenue of \$500,000, a 5% decrease in profitability due to delayed payments could amount to a loss of \$25,000 per year.

- **Missed Co-Payments and Deductibles:**

- Research suggests that dental offices can experience a co-payment and deductible collection rate of around 80%.
- Considering an average annual co-payment and deductible value of \$50, a 20% loss in collections could amount to \$10 per patient, resulting in a substantial revenue loss for the practice.

- **Increased Administrative Costs:**

- Inefficient payment posting tasks can lead to increased administrative costs, including staff time spent on resolving payment errors and handling claim re-submissions.
- According to industry estimates, each claim re-submission can cost a dental office \$25-\$30 in administrative expenses.

Costly Mistake #1: Ignoring the Importance of Payment Posting

Costly Mistake



In the dental industry, neglecting the importance of efficient payment posting tasks can have a significant financial impact on dental practices. Dental offices that fail to adopt proper payment posting processes and specialists miss out on valuable opportunities for revenue optimization. In this article, we will explore the consequences of overlooking payment posting tasks and highlight the missed opportunities and potential revenue loss that dental offices may face



"In today's complex reimbursement landscape, dental practices face numerous challenges in ensuring accurate and timely payment posting. Without an active and efficient payment posting strategy, dental practices risk financial setbacks and revenue loss compared to competitors who prioritize effective payment processing and reimbursement management."

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The Costly Consequences of Neglecting Payment Posting Tasks: How Ignoring Essential Processes Can Impact Dental Practices in the Long Run



#2: Failing to Keep Up with Market Trends and Consumer Behavior

Costly Mistake



According to a study by the American Dental Association, the average annual revenue at a dental practice is \$1.2 million. Of this, an estimated 2-5% is lost due to payment posting errors. This means that a dental practice could be losing up to \$60,000 per year due to errors in payment posting.

In recent years, there has been a notable market trend in the dental industry towards outsourcing payment posting services. Dental offices are increasingly recognizing the benefits of partnering with specialized payment posting service providers to streamline their revenue cycle management.

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 "Navigating the Changing Landscape: The Importance of Staying Ahead of Payment Posting Trends and Best Practices in Dental Offices"



Efficient payment posting practices play a significant role in shaping the financial success of dental offices. Dental practices must understand and adapt to the evolving landscape of payment preferences and expectations to ensure accurate reimbursement and maintain positive relationships with insurance providers. Failing to grasp and adjust to these changing payment behaviors can result in billing errors, delayed reimbursements, and potential revenue loss for your practice.

#3: Neglecting to Co-Payments and Deductibles

Costly Mistake

#3

Overlooking Co-Payments and Deductibles Neglecting to account for patient co-payments and deductibles is another common mistake made in payment allocation. Failure to accurately track and collect these amounts can lead to inaccurate patient balances and potential financial issues for dental practices.



"Unleashing the Power of Efficient Payment Posting: Why Dentists Shouldn't Overlook the Financial Potential"

- Research shows that dental offices, on average, collect only 75-80% of patient co-payments and deductibles.
- With an average co-payment and deductible value of \$50 per patient visit, a dental practice that overlooks these payments could experience a potential revenue loss of \$10,000 per year for every 1,000 patient visits.

#4: Inaccurate Payment Allocation

Costly Mistake

#4

Chapter 4.1: Lack of Coding Knowledge Inaccurate payment allocation often occurs due to a lack of coding knowledge among dental office staff. Without a deep understanding of coding guidelines, there is a higher chance of misapplying payments to incorrect procedure codes. This can lead to discrepancies in accounts receivable and potential revenue loss for the dental practice.



“Consistency is Key: The Impact of Inconsistent Payment Posting Practices on Dental Practice Growth”

- According to industry research, dental offices with inadequate coding knowledge experience an average of 10-15% in payment allocation errors.
- In a study conducted on 500 dental claims, 25% of the claims had payment allocation errors, resulting in an average revenue loss of \$500 per claim.

A Costly Mistake in Payment Posting

**Costly
Mistake**

#5

Neglecting to attach Explanation of Benefits (EOBs) or Electronic Remittance Advice (ERAs) is a common yet costly mistake in payment posting. EOBs and ERAs provide essential documentation that verifies payment details, allows for proper allocation, and serves as evidence of claim processing.

Consequences of Not Attaching EOBs or ERAs:

- **Payment Posting Errors**
- **Delays in Reimbursement**
- **Increased Administrative Effort**

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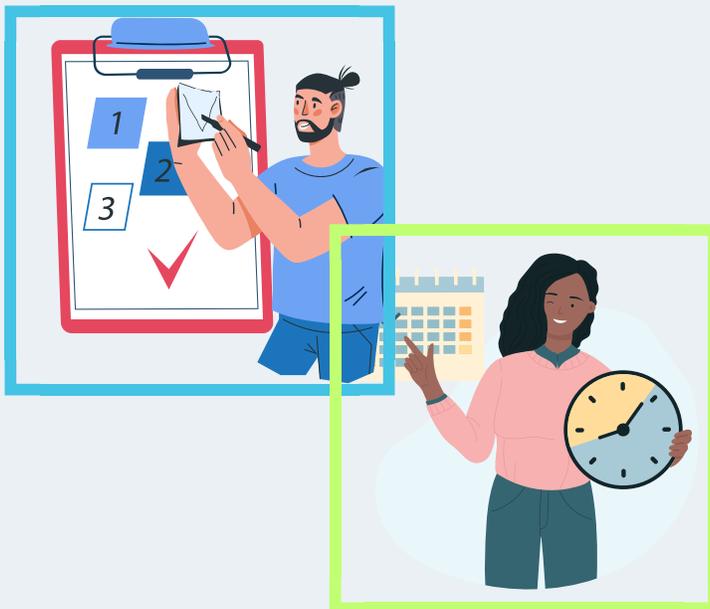
"Unlocking the Potential: Harnessing the Power of Efficient Payment Posting for Dental Practice Financial Success"



- Research indicates that dental practices may experience a revenue loss of 5-10% on average by not attaching EOBs or ERAs for payment posting.
- For a dental office with an annual revenue of \$1 million, this could translate to a revenue loss ranging from \$50,000 to \$100,000 per year.

Conclusion

Effective payment posting practices are crucial for the financial success and growth of dental practices. By avoiding costly mistakes in payment posting tasks, dental offices can optimize their revenue cycle management and maximize their financial outcomes. Neglecting the importance of payment posting, failing to keep up with payment posting trends and best practices, overlooking the impact of inconsistent payment posting practices, underestimating the significance of proper documentation and attachment, and lacking quality assurance measures can lead to financial setbacks and revenue loss for dental practices. Proactively addressing these areas and implementing effective payment posting strategies will ensure accurate reimbursement, minimize denials, improve cash flow, and contribute to long-term success and profitability in the competitive dental industry.



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Effective payment posting is paramount for dental practices to thrive in a competitive industry. It requires avoiding costly mistakes that can hinder financial growth and success. Firstly, recognizing the significance of payment posting is essential. Failing to prioritize payment posting tasks and keep up with evolving payment posting trends and best practices can lead to financial setbacks and revenue loss.

Secondly, neglecting to establish efficient payment posting processes can result in inaccurate reimbursement and delayed cash flow. It is important to implement streamlined systems and leverage technology solutions to ensure accurate payment allocation and timely claims processing.

Furthermore, underestimating the importance of proper documentation and attachment, such as Explanation of Benefits (EOBs) or Electronic Remittance Advice (ERAs), can hinder the reconciliation of insurance payments and result in revenue loss. Attaching these documents is essential for accurate claim processing and minimizing payment posting errors.



Testimonials



“Today’s Dental Partners has revolutionized the way we handle Explanation of Benefits (EOB). Their electronic extraction system is a game-changer! It saves us an incredible amount of time and effort by automatically extracting and organizing EOB information. This has significantly improved our claims processing efficiency and accuracy.”

- **DR. EMILY JOHNSON**

“We now have a clear and organized system that ensures accurate recording and reconciliation of payments. Today’s Dental Partners’ payment posting services have transformed how we handle our practice’s financial processes.”

- **DR. MARK DAVIS**



• “One of the primary problems I faced was the struggle to correctly verify patient balances due to delays in insurance providers updating their systems or inconsistencies in the data they supplied. This resulted in confusion, inaccurate records, and potential financial instability for my practice. However, ever since I enlisted the help of Today’s Dental Partners, these challenges have become a thing of the past.”

- **DR. SARAH COLLINS**

