

# Why a Small Dental Practice Loves Electronic Claim Payments

Owning your own dental practice means a lot of work, so dealing with insurance payments shouldn't be a full-time job of its own. That's why Dr. Amy Adair is a big fan of electronic funds transfers, or EFTs.

"We found with electronic payments the turnaround was immensely faster," said Adair, a second generation pediatric dentist who owns her practice in Burke, Virginia, near Washington, D.C.

"It saves some work. You're not dealing with processing the check in house and then taking it to the bank and waiting for it to clear," said Adair, adding that EFT reduces the risk of losing a check and employee embezzlement.

Carolina, who handles the administrative part of the practice, also knows how efficient EFT is.

"Checks can take over two weeks for claims to be processed. With electronic payments it's around 48 hours turnaround," said Carolina. "We're already sending in our claims electronically, so why not have money in the bank as soon as possible?"



## GETTING STARTED

"I always had plans to buy a solo practice," said Adair. After eight years in the Navy and three years working at another dental practice, she took the plunge in November 2018.

"I'm a strong proponent of keeping these small—I call them 'mom and pop'—practices alive. I like to hope that there will always be people looking for that kind of small town feel to an office."

Setting up her practice Adair knew she wanted to sign up for EFT payments with as many insurers as possible.

"When I first started getting the process of becoming a participating provider for an insurance company, there was a lag. First you have to get credentialed with them," said Adair.

"Once you get credentialed it can be anywhere from 30 to 60 business days in order to get set up for electronic payments. Some insurance companies set it up a lot faster and easier than others."

The easier ones handle the process in-house. They have a form to complete, which gets sent in with a voided check. But Carolina said some insurers use a third party, one of which "was very difficult" over something seemingly minor: commas that caused the business name to appear slightly different from the check name.

But whether sign up is a breeze or a bother, Adair said that "once it's set up, it's fine."

As for remittance information, Carolina said that in most case she goes through the web portal for each individual insurance company. Others she retrieves through a third party clearing house. But either way, she said, obtaining the information is easy.

## VIRTUAL CREDIT CARDS HIT A NERVE

As a pediatric dentist, Adair is as patient with her patients as the day is long. As a U.S. Navy veteran who deployed to Iraq, she's cool and calm. But mention a virtual credit card (VCC) and you'll hit a nerve.

"I'm not too keen on the virtual credit card option," said Adair, adding she hears the same thing from colleagues. "We're getting charged a credit card processing fee in order to receive payment for services."

Insurance companies that she's in network with don't send VCCs, but one out-of-network insurer was insisting on them, to the tune of \$400 to \$600 a year. As Carolina noted, "They didn't ask us, they just sent it. 'Here's your payment,' and it's a virtual credit card."

Along with the money lost to fees, there's the extra time and effort involved in waiting for the VCC to arrive by mail, and then running the number through the credit card machine.

Adair and Carolina were unaware that the Centers for Medicare & Medicaid Services has made it clear that health plans cannot require providers to accept VCCs, and must make EFT payments at the provider's request.

After eight years in the Navy, Adair set sail for another battle.

"We contacted the insurance carrier and requested payment for services via EFT. We were sent a contract to sign up for EFT services which included a 1.99% fee for 'red carpet services,'" said Adair.

"An uninformed dentist might not be aware that these 'red carpet services' are optional. But thanks to Nacha and the information provided by the Centers for Medicare & Medicaid Services, I knew that I was not required to pay this additional fee."

When they contacted the insurance carrier again, they were given three options: sign the contract including the "red carpet services" to enroll in EFT; take payments via VCCs; or individually enroll for EFT payments with each insurance company—of which there were several.

"We decided on the third option," said Adair. "After the initial paperwork, it took about 15-30 business days to receive the first electronic payment, and all subsequent payments were received via EFT about 48 hours after submission."

## SAVINGS LEFT BEHIND

As big a fan as Adair is of EFT, there appear to be many other dentists who, for whatever reason, aren't going that route and are missing out on savings.

According to the 2019 CAQH Index, while 80% of dental claim payments are submitted electronically, just 13% of payments were made electronically. That's well below the medical industry rates of 96% and 70% respectively.

The Index estimated that full adoption of electronic administrative transactions could save the dental industry \$3.4 billion annually, of which "the greatest opportunity for cost savings" is with dental providers: \$2.9 billion a year.

"The dental industry could learn from the medical industry, which has already avoided spending \$624 million annually by moving to electronic claim payment," the Index said. "The annual savings opportunity for the dental industry associated with electronic claim payment is nearly eight times greater than the \$102 million in annual costs already avoided by a small percentage of the industry that has switched from paper checks to electronic payments."

## HERE TO HELP

It can be daunting for dental practices—particularly the smaller ones—to switch to electronic claim payments. But Nacha can help.

"EFT claim payments are a proven money and time saver for healthcare professionals," said Brad Smith, Nacha Senior Director, ACH Network Administration and Industry Verticals.

"Although the dental industry lags well behind the medical industry in EFT adoption, assistance is readily available. That includes online tools to help dentists get started with electronic claim payments, or enhance their use of EFT," said Smith.

Industry experts including the American Dental Association and CAQH have identified some issues impeding EFT adoption. Smith noted that "Nacha is prepared to discuss how best to address these issues, so that more dentists can begin reaping the benefits that their doctor colleagues have already embraced."

Learn more about dental EFT payments: [nacha.org/achfordental](https://nacha.org/achfordental)

Nacha's Brad Smith can be reached at: [dental@nacha.org](mailto:dental@nacha.org)

The American Dental Association has more on electronic funds transfers, including an EFT Payments Implementation Checklist:

[ada.org/resources/practice/dental-insurance/dental-insurance-resources/optimize-dental-practice-administration-and-efficiencies](https://ada.org/resources/practice/dental-insurance/dental-insurance-resources/optimize-dental-practice-administration-and-efficiencies)

The American Medical Association has a free toolkit available to help navigate EFT:

<http://ama-assn.org/media/11081/download>