

Transcript

Episode 35: The Insurance Racket - What Is The Racket And Why Everyone Loses?

Naren:

Hello everyone, welcome to another amazing episode of the insurance dependents podcast show. This is Naren your co-host joining you with my dear friend Gary. Gary! How are you this afternoon?

Gary:

Hey and Naren, I'm doing fantastic. Great to hear your voice and excited to record another episode of the less insurance dependents podcast. Hey we're getting lots of really great feedback from our listeners. So I just wanted to take a minute and thank our listeners for providing us feedback and thank you so much for sharing this with your colleagues. You know we're on a mission to help as many dentists as possible successfully reduce their insurance dependents and we appreciate all your help in sharing this content with your colleagues.

Naren:

Absolutely. I wanted to I was talking to a friend of mine who I guess has known you and he said did you know that Gary's has a site acting gig and he was the Godfather. Can I tell you more about that?

Gary:

Yeah let me let me share the backstory with you on that. I was invited as a speaker to speak at the voices of dentistry conference. This is a wonderful conference by the way if you're a listener and you're interested in going to a progressive meeting, I would strongly recommend that you put the voices of dentistry on your radar screen. It happens in late January every year and it's in Scottsdale, Arizona. My, my, hometown so it's kind of nice that I get to sleep in my own bed and speak at that conference and anyway I want to do something a little bit different so my presentation was all about how to successfully reduce insurance dependence but I want to do some kind of fun. This conference is meant to be fun, entertaining, kind of think of it as Edutainment. Naren, does that I made up that word but does that make sense Edutainment?

Naren:

Absolutely Gary!

Gary:

So an educational content delivered in an entertaining way. So I actually decided I was going to do a skit, and in the skit you know my nickname in the podcasting community is the pod father. I wear that name badge with honour. My friends in the podcasting world have nicknamed me the pod father because I was the very first dental podcast, when I started publishing the thriving Dentist Show in late 2011. So that's been over eight years ago and being the first they decided to pin the name the pod father on me. So I thought well okay let's use that theme and I decided to do a skit with Alan Mead and, and, I literally just set this up with him maybe 10 minutes before I was supposed to go on stage, and I said Alan here's the deal, I need your help are you are you willing to play along? He said oh yeah! You bet! You bet! I said well here's, here's, your role. I'm going to play the role of the Godfather as in you know we're all familiar with that the epic movie The Godfather right? I said I'm going to play the role of The Godfather and you're going to play the fictional, fictitious, role of the president of Delta USA, Delta USA. There, there, is no president of Delta USA but you're going to play that role. Alan are you up for that? He said you bet and I said basically we don't have to rehearse this i'll just look for you to respond extemporaneously and I'm sure you're going to nail it, and he did and so what the way the skit was set up was I called him into my office and I used the voice of The Godfather you know that that epic deep voice the gravelly deep voice and I said we have a problem and the this in the skit what I said was my niece who's a very good girl good girl good girl. Yes she goes to the dentist every six months like she's supposed to. Well she went to the dentist and had her teeth cleaned as she was supposed to and the claim got denied. So that's why I was calling the president of Delta USA into a meeting because he denied the claim. He denied the claim on, on, my daughter or on my niece in the in the in the skit and I and the reason it was denied is because she came in for her cleaning five months and 29 days after her initial cleaning. Five months and 29 days and you know that's what happens in the insurance world if someone comes in and has her teeth cleaned and there's less than six months exact time between their last visit you know, it will get denied. So I was calling him on the carpet because of this and then I said my colleague Vito decided to do a little bit of research and he discovered that Delta was running a scam. They were running a racket because they were in deducting an average of 40% from the Dentist's income 40% that's about

what the average is and I was saying you know as the godfather we have we own that world. You don't own that world. We own that world but you're taking a slice of 40% from these dentists and it's not right and I actually said that it's a racket, and needless to say that that evoked lots of emotion from the audience. They were cracking up because they never looked at the dental insurance game as a racket, you know kind of like, Naren, you know how in the old days the Mafia used to provide protection money. In other words if you owned a deli in in your neighbourhood in Toronto, someone from the mob would come around and knock on your door and they would require that you pay protection money to the Mafia to protect your place of business and if you didn't pay that you could end up in deep trouble, and I used the analogy of the dental insurance world as running that same kind of racket, where they, where they take 40% out of the pocket of good dentists who are trying to take care of their patients. So let's step outside of that skit for just a minute and look at it analytically.

Naren:

Yeah so I had a question for you. There are few players' right? That is the insurance company there is the dentist, there is a patient, there is the employer and then even the dent dentists team you know

Gary:

Right!

Naren:

There's like five players so I want to understand in this racket who wins who loses how much?

Gary:

You are right! You know yeah you name the five entities let's repeat those. There's the dental insurance company that provides the plan the dentist who provides the care the patients who received the care the employer who bought the policy and then you added a fifth which would be the team members of the dentist who are part of that care team. And when you look at those five entities there's only one entity that wins today, and the only one that wins in the way its set up today is the dental insurance company.

Naren :

Right!

Gary:

Everyone else loses that the dentist loses because he or she is subjected to around a 40% discount protection money in the skit. You know around a 40% discount to be participating in the plan. The patients lose because of all the games the insurance company put, plays. You know heaven forbid that the patient would come in on you know five months and 29 days from the last cleaning. Also they have annual limits and they have all kinds of contract exclusions. There's many things that are not covered under that insurance policy. For example orthodontic treatment might not be covered. Dental implants would not be covered. Cosmetic dentistry would not be covered, and, and, the patients lose because they would expect all those things to be covered and of course they're not.

Naren:

Is it true that only 22 percent of the people use their full insurance?

Gary:

Only statistically 22 percent of the people that have a policy actually use it.

Naren:

That mean's everybody else that it is so hard and so complicated they just give up.

Gary:

They give up, they throw their hands up and down forget it, and they don't go to the dentist you know many of them just choose to kind of give up on dentistry.

Naren:

Right!

Gary:

well there's the employer who's also a loser. The employer loses because they're being charged at least 50% more than they should be for those premiums. At least 50% more, so the employer is losing because of the monopoly the insurance companies can't have on dental insurance benefits and they're being charged user and rights rates are being charged outrageous rates at least 50% higher than they should be charged.

Naren:

And someone told me a story once about a small business that sent you a check for 20 grand and for their 100 employees because where they would get the cleaning and you know the discounts on their services for all their employees and the guys was like ecstatic you know the owner of the business.

Gary:

You know we've been asked many times by patients of ours in our practice who are in maybe they own the business or they're in a managerial position and they've come to us and said, hey, can you tell us what dental insurance policy we should buy for our employees, and we tell them don't buy a dental insurance policy because of the fact they're going to be charged at 50% a surcharge you know for that we instead show them our in office membership plan and we encourage them to provide their patience their employees with the membership plan instead of a traditional benefit a dental, dental, benefits plan because in fact the benefits are much greater at a much lower cost.

Naren:

All right!

Gary:

well there's a fifth entity and you added this fifth one Naren and that's the team. The team also loses they lose in many ways, Naren, one of the ways they lose is they have to pedal faster, you know you have to do a significant amount of additional dentistry to make the practice worthwhile when you're giving up forty percent right off the top. So many team members feel like the proverbial hamster on the treadmill, where they feel like they have to pedal, pedal, pedal, pedal, pedal, pedal, you know just to keep up with that forty percent discount that they're forced to write off right off the top.

Naren:

I am just imagining something, so let's say I am carrying a load instead of walking six miles, I have to walk ten miles. Oh you now like

Gary :

Ten miles!

Naren:

Yeah

Gary

Yeah! Yeah!

Naren:

Because this goes off the top,

Gary:

And, and, you know think of that effect over

Naren:

I get paid for six miles, but I have to walk ten miles.

Gary:

Think of the, the, penalty that the team members feel overtime from that. It's like that load that they have on their shoulders is getting heavier, heavier, heavier and heavier and I think it contributes to burnout. You know sadly I've met many hygienists many dental assistants who at that what I think of the young age of in their 40s are saying that they want to get out of dentistry because they're, they're, feeling the physical effects and the mental effects of burnout, and many dentists feel that way as well. You know when you think about it you know someone in their 40s should be in the middle of their career not at the end of their career, and I think it's the, impact that having the pedal like the proverbial hamster on the wheel has emotionally and physically. You know it's not just emotional it's physical as well.

Naren:

You can't hire the best labs, you can't you know have the latest technology, because you are operating with 40 percent less

Gary:

Right!

Naren:

Than what you need and so you end up I mean you don't feel satisfied when you are providing care that is nor amazing.

Gary:

You know Naren, can I cover insurance dental economics 101 for you our listeners?

Naren :

Absolutely!

Gary:

And in fact I'm going to figuratively give all of our listeners a phd after, after, they've heard this they have figuratively earned a PhD in dental insurance economics are you ready, Naren?

Naren:

Yes

Gary:

Here's how it works. If you're an insurance company it's actually very simple. You want to take in premiums and not pay claims. The end.

Naren:

Right

Gary:

Naren, you just earned a PhD in dental insurance economics. You want to take in premiums and not pay claims. You know think about this historically. I'll give you a historical perspective or hysterical the words actually historical but, but, some might considered hysterica

I because it's kind of crazy. Dental insurance in 1972, let's go back to 1972. Let's go play back, the, the, way back real you know what is that 47 years ago. You know much a crown cost in 1972 on average. Naren? I'll give you the answer because that was before you were born I think. But it was a hundred and fifty dollars as what a crown cost. The average dental insurance annual award in 1972 was \$1,000. In other words the, the, patient got \$1,000 worth of benefits and for a crown you know crown is covered at 50% that means the patient pays 50% and the insurance company pays 50%. How many crowns could they get in 1972 if they needed them of course? How many crowds could they get with their thousand dollar annual award?

Naren:

75 so that's, twelve, thirteen?

Gary:

let's, let's, check your math.

Naren:

Yeah

Gary:

Just a second. So 13 and a third 13 and a third. So in other words that patient could receive 13 crowns worth of benefit through their, their, thousand dollar annual award. That wasn't quite a full mouth reconstruction but I think we could agree that you could have benefited significantly in 1972 right?

Naren:

Yes!

Gary:

now fast-forward to 2019 the year in which we're recording this. Many insurance companies still have the same thousand-dollar annual award. Now in some cases has moved to twelve hundred in some cases moved to fifteen hundred. But think about that for just a minute. Even if it is fifteen hundred dollars, that will only cover one tooth and that's if it doesn't need a root canal. If it needs a root canal we're going to be over the benefit from a root canal and crown.

Naren:

Right!

Gary:

And, and, do you think the premiums have stayed the same since nineteen seventy two for the employer.

Naren:

No way!

Gary:

They've gone up geometrically.

Naren:

How much was the difference in premiums, just for fun like?

Gary:

on average a premium depending on the plan depending on the plan design is around six hundred and fifty dollars per year per employee. Around 650 some of them could be higher than that.

Naren:

Right!

Gary:

And the insurance company knows because they have all the actuarial tables they know that only 22% of the people you know it's, it's, somewhere between 1 in 5 is even going to visit the dentist at all and where does all that money go you know let's call it 20% just to make it a round number. They know for every one patient that goes into the dentist four of them will never go and they're going to keep that premium in their pocket.

Naren:

Right!

Gary:

So Naren, the game is so stacked in favour of the insurance company that the only way to successfully play the game is to not play the game gets out of the game. It's so stacked against the dentist and the patients and the team members and the employer that the best thing to do is to get out of the racket. You can't play that game successfully. You can't pedal fast enough.

Naren:

We did not talk about the winner. We talked about the four losers. Who is the winner in all this?

Gary:

The only winner is the insurance companies and they're winning massively. All you have to do is look at the, the, the, name of the largest buildings in the major cities in the United States. They're either owned by a bank or an insurance company. So they're making tons and tons and tons and tons of money. Literally hundreds of millions of dollars, billions of dollars per year on this racket.

Naren:

Right!

Gary:

Well I hope that this conversation Naren, has it's we haven't done a big picture you know kind of podcast episode in a while we've been kind of granular talking about a lot of details but I thought it might be useful to kind of pull it back to the big picture for just a minute and, and, help our listeners understand why they need to get out of the insurance game because they simply the deck is stacked against them and there's no way that you can successfully play the game when 40% comes off the top right at the very beginning you lose 40% of your revenue right off the top. There's no way to play that game. Instead the best thing to do is to reduce your insurance dependency by following those recommendations that we're providing this podcast.

Naren:

You know maybe this is a good time to launch the dental insurance survey. Can you ah, it's a three minute survey, can you give us some thoughts on that.

Gary:

Yeah you know Naren, you to share this with our listeners you and I wanted to come up with some hard data and we came up with a very quick survey and the survey has a handful of questions and really we're not asking for details here we're asking for just your gut level reaction, and we'd love to have people participate in the survey and we will publish the results anonymously. We'll publish those results anonymously back to you. Of course there won't be any disclosure of names there'll be no violation of you know confidence here. Everything you share with us would be held in confidence. However we will share the cumulative data on these questions with our listeners to help you all understand what how you and your colleagues are being affected by the

current insurance system. So Naren, how about if we put a link in the show notes where our listeners can click on that link and if you'd be kind enough click on that link and, and, kindly participate in this survey and we will in a future episode publish the results of this survey so you'll be able to see how you compare with other dental practitioners all over the country all over North America, actually, so that you can kind of see the effect of dental insurance and other practices beside your own and again we'll all be shared confidentially with no disclosure of individual names.

Naren:

Thank you and thank you everyone and I do appreciate all the reviews and all the good wishes that we are getting from all our listeners and that you Gary for your time.

Gary:

Hey thank you and I want to also extend my thanks to the listeners. We appreciate each and every one of you. Please share this episode with a colleague and help more of your colleagues get on that path to reducing their insurance dependence.