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## THE EDITOR'S CORNER

Fee discounts are going out of style — or should be. Most of us acquire a schedule of fee discounts which we maintain without ever evaluating whether this is a good or necessary procedure, whether it fulfills the object for which it was intended or what the cost to us actually is.

Let's see what the cost is. Surveys show that overhead can equal 50% of the orthodontist's income. This overhead does not go down because you have reduced the fee. For the orthodontist with the established practice who is fully occupied who replaces a completed full-fee case with a discount-fee case, as the size of the fee discount approaches 50% you are approaching a break-even point. As your discount exceeds 50% you are making an out-of-pocket financial contribution to the case. Up to that point the contribution was out of potential income; after that point it is out of actual income.

In a practice which is growing and/or has free time, this arithmetic does not immediately apply because any additional income increases the gross income. The trouble is that the growing practice will probably reach the fully occupied stage. When it does, unless the discount policy has been reevaluated — and generally it has not — then the 50% rule does apply.

Discounts of 50% or more should be extremely rare and free treatments must be reserved for close relatives, children of dentists who refer you a significant number of cases per year, and other special cases. Discounts to other relatives, other dentists, physicians, dental as-

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sistants, dental laboratory technicians, clergymen, friends — the list is large — should be limited if they are given at all. A discount of 10% should be about as far as you can or need to go in certain of these special circumstances. Frequently, the people to whom you offer discounts — professional people, relatives and friends — are better able to pay your fee than the average person.

Before you offer a discount to anyone at all these days you should inquire whether he is covered by dental health insurance. More and more people have this coverage and, if they do, a fee discount on your part may be extremely unsound. I know an orthodontist who presented a case to a close friend. The fee for the case happened to be \$1250 and the orthodontist discounted it to a "friend's fee" of \$900. At this point the friend presented the orthodontist with an insurance company form. His dental insurance arrangement allowed 80% of up to \$400 per family per year for a maximum of two years for orthodontics after a \$50 deductible. Therefore, over the two-year period the patient could be entitled to a benefit of \$640 for orthodontic treatment on the basis of the \$900 fee. If so, the patient's share of his orthodontic bill would be \$260. The orthodontist made more of a contribution to the case than the parent. He gave \$350

right off the top of his fee. I have reason to know this case quite well because I was the orthodontist.

Reciprocity in professional services is going out of style largely because it really only works in one of two ways: either two professional people exchange services or all professional people exchange services. It is difficult for an orthodontist to make a 1-on-1 relationship of reciprocity that would be equitable except possibly with a general dentist; and broad interprofessional reciprocity just does not exist. With medicine it is disappearing, because of the extent of health insurance coverage. The orthodontist who persists in reciprocity to any great extent will usually give much more than he can receive.

Sometimes an orthodontist gets into the habit of giving fee discounts for economic reasons arising out of poor general economic conditions or his own private economic depression at the start of his practice. The trouble with this is that the habit can tend to persist. The orthodontist can become accustomed to this method of "selling" his case and he can keep on giving discounts to people who are not being attracted to his office because of a discount but because of his professional reputation.

Another version of this is the offering of discounts to second,



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third and fourth children in the same family. It doesn't make sense and yet a lot of orthodontists do it. It is a charity that is often misdirected and one which the orthodontist cannot afford. Multiple patients from one family in any practice are many. If your fee was fair to start with, you can take the profit out of the case by reducing the fee for no more substantial reason than the fact that the parents must now pay for another orthodontic case. It is an unnecessary gratuity. If the motive is to "sell" the case, that was done because of your successful handling of the first child. If the motive is compassion for a fellow man's orthodontic burden, be aware what the price of that compassion is.

This does not mean that there is no place for charity in an orthodontic practice. In fact, there are so many legitimate places for it that it is important to recognize and stop the non-legitimate ones. There are many states with programs of welfare and Medicaid for the poor and marginally poor in which orthodontists participate. There is more of a call on the profession for charitable work among the poor and marginally poor in those areas of the country that have little or no such program. Beyond these groups are those already in your practice who suffer financial reverses or loss of the breadwinner through illness, death, divorce or

desertion.

Most orthodontists take pride in the fact that they have never turned anyone down for orthodontic treatment due to inability to pay their fee. Where there is a real financial problem, however, a discount is not much help. Undoubtedly, orthodontists have been of much more financial aid to people by flexibility in the extension of payment over a period of time than they have by offering fee discounts.

Despite criticism of the procedure, I still believe that one fee discount that has some merit is that for an all-cash payment of the fee in advance. A 5-10% fee discount makes good sense to me in return for the immediate availability of the total fee and the relief from bookkeeping, billing, and delay in payment.

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