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Network Leasing Arrangements and Their Effect on Fees



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Question: I signed up with a network leasing company. My understanding was that this company was only forming a network of dentists for the purpose of “leasing” it to dental insurers and plans. I was told that this would steer the patients who had this dental insurance or were enrolled in these plans to me. However, the leasing company will not provide me with a fee schedule. It seems I am being paid varying amounts for the same services. How can this be?

Answer: I have not reviewed the contract you signed, nor do I have any information regarding the arrangements between your network leasing company and those dental insurers and plans it has contracted with. This makes it impossible to address your exact situation. However, I can tell you that the MDA has received similar questions from several members recently. It seems most have contracted with a network leasing company without being provided the information necessary to fully understand the arrangement, especially when it comes to what fees will be paid for their services.

Unlike any other provider of goods or services, dentists and other health care professionals often do not know what they will be paid until the payment for their services is received. Insurers and plans control the fees and are reluctant to make their fee schedules known. Health care professionals for the most part go in blind, assuming increased patient volume will make up for the unknown fee discounts. This approach is even more problematic when contracting with a leasing company.

Not every dental insurer or plan desires to form and manage a network of dentists. Some prefer to only sell their insurance products and/or administer the provision of dental benefits. To these insurers and plans, being able to lease a network of dentists created and maintained by someone else is very attractive.

In the simplest of these arrangements, the dentist provides services to patients with dental insurance/den-

tal benefits covered by an insurer/plan with which the dentist has no contract. The fee paid is what the leasing company has agreed to pay the dentist. This amount might not be known until the dentist is paid, if the leasing company does not provide a fee schedule to its network dentists. Dentists are typically required to file a claim for payment, prohibited from balance billing, etc., the same as would be the case if they contracted directly with the insurer/plan.

The arrangement can be more complicated. Network leasing companies may have contracted with several dental insurers/plans. The dentists in the leasing company’s network may have also directly contracted with some of these dental insurers/plans (some do have a network of their own, preferring to require their insureds/enrollees use a leased network instead — especially when the fees are lower, geographic coverage is better, etc.).

Consider this scenario: (a) your network leasing company has a crown procedure on its fee schedule at \$750; (b) a dental plan that both you and your leasing company contract with has it on its fee schedule at \$850; and (c) a dental plan that your leasing company contracts with, but you do not, has a network and its fee schedule pays \$675. What is paid for the crown? Does your leasing company’s fee schedule control? Does the fee schedule of an insurer/plan you directly contract with control? Or is it the lowest of all the fee schedule amounts of the insurers/dental plans with which the leasing company contracts that you will be paid?

The answer is that the amount paid could be any one of these amounts. It depends on the terms and conditions of your participation with the leasing company. Thus, prior to entering into this arrangement, you should be provided with all the information necessary to determine what you will be paid under each scenario.

On an ongoing basis, you should track the increase in patient volume resulting from being in the arrangement and determine whether the volume increase makes up for any decrease in fees you are paid. ●