invisalign®

# Why the Invisalign® Comprehensive pay-as-you-go Additional Aligners option is here to stay:

## Rethinking cost, cash flow, and compliance.

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Dr. Jonathan Nicozisis is a Diamond Level Invisalign® Provider and has been treating Invisalign patients at his private practice in Princeton, New Jersey since 1999. He has taught Invisalign treatment-focused courses, conducted regional study clubs, and lectured at 18 Invisalign Summits globally. Dr. Nicozisis earned his DMD at the University of Pennsylvania and his MS and certificate in orthodontics from Temple University. In 2008, he was one of four doctors to pilot Invisalign Aligners in teenagers. He is a member of the Angle Society and in 2014 co-authored a textbook chapter on the Invisalign System in Mosby's Orthodontic Review with Dr. Orhan Tuncay and John Morton.

Dr. Nicozisis has authored 14 articles related to aligner therapy which are available at www.princetonorthodontics.com. He contributed to a 2016 publication in Orhan Tuncay's Seminars in Orthodontics volume on clear aligner therapy. In 2017, Dr. Nicozisis co-created The Aligner Intensive Fellowship (AIF) course, which has taught over 7,000 orthodontists and residents from around the world.

Dr. Nicozisis is a consultant and speaker for Align Technology, which compensated him for the preparation of this paper. The views expressed here are his own and do not necessarily reflect the views of Align.

Incorporating and managing the 'cost' of an aligner lab fee has always been a challenging concern for the modern orthodontic practice. Since the early 2000s, the disruptive notion of integrating the higher upfront overhead to deliver orthodontic care for our patients has been a constant topic of discussion and debate. Initial logical comparisons of the cost of brackets and wires to the cost of aligners were born out of a traditional mindset.

As Invisalign clear aligners evolved and improved, the traditional orthodontic mindset shifted. Clear aligners were once thought of as an alleged orthodontic appliance with limited clinical applicability that costs too much. As time went on, the mindset progressed that clear aligners are a legitimate and effective orthodontic appliance with not only a broad range of clinical applicability, but, unlike traditional braces, are capable of facilitating positive impact on practice management and workflow.

The concept of 'The Plastic Employee' was presented at the 2016 Invisalign Orthodontic Summit and detailed in a publication in The Progressive Orthodontist in 2017[1]. This concept of doing more with less and generating more revenue for the same unit cost of labor compared to lab fees has stood the test of time. Once thought of as a provocative notion is now commonplace in orthodontics. It was conveyed that the lab fee reflects more than materials – Invisalign clear aligners and the iTero™ digital workflow function first as a business partnership and second as a legitimate orthodontic appliance. In my experience, fewer appointments and less frequent visits to complete a case led to an increase in schedule capacity to start more new patients without adding additional staff, clinical chairs, or office hours. The Comprehensive pay-as-you-go Additional Aligners (AAs) option was a natural fit for this concept. As a true business partner, Align Technology has provided us with a valuable business solution, and in my practice, I've seen an immediate positive impact on our P&L.

Key Performance Indicators (KPIs) are important. Using the 'Analytics' tab within the Invisalign Doctor Site, among many other aspects of practice analytics, any Invisalign doctor can gain KPI perspective on their additional aligners usage. The astute orthodontist who has committed to developing their

> "Empowering innovations transform something that is complicated and expensive into something that is so much more simple and affordable."
>
> **Clayton M. Christensen**

acumen and confidence in delivering orthodontic care with Invisalign clear aligners may find that a large portion of their cases can be finished in less than three sets of aligners (one initial set and one-to-two sets of additional aligners). As such, doctors may be paying for aligners and services that they are not using if choosing the Invisalign Comprehensive 3-AAs option or Invisalign Comprehensive unlimited-AAs option to treat their patients.

The introduction of the new Comprehensive pay-as-you-go AAs option helps address this issue of not paying for aligners one does not use. Moreover, in my practice experience, and as will be illustrated below, choosing the new Invisalign Comprehensive pay-as-you-go AAs option over the existing two Invisalign Comprehensive options, where clinically appropriate, can have an immediate positive impact on practice cash flow, helping manage costs and creating a full-circle moment – bringing the upfront cost of aligners closer to the cost of modern-day brackets and wires.

If an Invisalign doctor's KPIs demonstrates that, on average, they need less than two additional aligners per Invisalign case, then choosing the new Invisalign Comprehensive pay-as-you-go AAs option for their next Invisalign case may be a worthy consideration. Using the Invisalign Comprehensive pay-as-you-go AAs option for more straightforward cases is indicated; for patients with mixed-dentition or extraction needs, the Invisalign Comprehensive 3-AAs or unlimited-AAs options are likely more appropriate.

Three hypothetical examples reflecting a 20%, 35% and 48% discount status at various case volumes will be used to demonstrate the positive cashflow impact the Invisalign Comprehensive pay-as-you-go AAs option has on one's practice regardless of where they are in their practice ratio of aligners to braces.

As of this writing, Align's U.S. list price for the Invisalign Comprehensive 3-AAs included treatment option is $1,925, whereas the Invisalign Comprehensive pay-as-you-go AAs treatment option is listed at $1,400, with Additional Aligners priced at $170 per set.

**Illustrative cash flow comparison: Comprehensive pay-as-you-go AAs option and Comprehensive 3-AAs option***

| Advantage Tier Discount | 20% | 35% | 48% |
|---|---|---|---|
| Net cost per case (3AAs in 3 years) | $1,540 | $1,251 | $1,001 |
| Net cost per case (pay-as-you-go AA option) | $1,120 | $910.00 | $728 |
| Per case difference | ($420) | ($341) | ($273) |
| Case starts per month | 15 | 20 | 25 |
| Monthly cost differential | ($6,300) | ($6,825) | ($6,825) |
| Annual cost differential | ($75,600) | ($81,900) | ($81,900) |
| Monthly refinement cost ($170 per AA)** | $2,550 | $3,400 | $4,250 |
| Annual refinement cost** | $30,600 | $40,800 | $51,000 |
| Annual cost differential after potential AAs | ($45,000) | ($41,100) | ($30,900) |

**The examples in this table are hypothetical and provided for illustrative purposes only. Actual list-price discounts, cost differentials, and, and financial outcomes will vary and are dependent on each doctor's Advantage Program tier, specific product utilization, case starts, treatment patterns, and practice circumstances, among other factors. Invisalign Comprehensive list prices are subject to change.*

*** Assuming 1AA average per case*

For example, at a 20% list-price discount off the Invisalign Comprehensive pay-as-you-go AAs option's $1,400 list price, or $280 off per case, the net cost is $1,120. Comparing the net cost of $1,120 per case versus $1,540 per case for the 3-AAs included option at the same 20% discount level is a difference of $420. Applying that difference of $420 to 15 case starts per month, reflects a monthly savings of $6,300 or $75,600 in the first year when using the Invisalign Comprehensive pay-as-you-go AAs option compared to the Invisalign Comprehensive 3-AAs included option. If each of those cases needs an additional aligners order after a year of treatment at a cost of $170 each, that is a cost of $2,550 a month and $30,600 a year. Subtracting $30,600 from $75,600 equals an eventual net savings of $45,000 after a year using this option for appropriate cases. That is a profound impact for a start-up practice that is usually at this discount level. Keep in mind that the order of additional aligners builds slowly over the 12-month period, rather than hitting all at once – with the expectation that practice growth will lead to greater discount reductions over time.

Dialing down the number of cases to 10 cases a month at the same discount level creates a monthly savings of

$4,200 or $50,400 a year. Following the same exercise to account for additional aligners orders results in a monthly cost of $1,700 or $20,400 annually – netting a savings of $30,000.

As another example, using a 35% list-price discount, or $490 per case for a net cost of $910 per case demonstrates similar positive impacts. Comparing the net cost of $910 per case to $1,251.25 cost per case with the Invisalign Comprehensive 3-AAs included option at the same 35% discount level is a difference of $341.25. Applying that to 20 case starts per month reflects a monthly savings of $6,825 or $81,900 in the first year. If each of those cases needs an additional aligners order after a year of treatment at a cost of $170 each, that adds $3,400 a month, amounting to $40,800 a year. Subtracting $40,800 from $81,900 leaves a net savings of $41,100 after a year using this option for appropriate cases. This is also significant for the doctor who attends an API course and locks in a 35% discount for two years via the Align promotional offer that is available as of this writing, as it will help bridge the gap toward achieving the impact of these metrics.

A final example, applying a 48% list-price discount, shows a cost of $1,001 for the Invisalign Comprehensive 3-AAs included versus $728 for the Invisalign Comprehensive pay-as-you-go AAs option, a difference of $273. Applying that to 25 cases starts per month creates savings of $6,825 a month or $81,900 a year. When one additional aligners set is ordered for each of those 25 cases a month, the monthly spend is $4,250 or $51,000 a year. Subtracting $51,000 from the initial yearly savings of $81,900 leaves a net savings of $30,900.

Upon further reflection, the Invisalign Comprehensive pay-as-you-go AAs option lets a practice pay only as it orders additional aligners for cases that need it, rather than prepaying for aligners it may not use. Furthermore, it is evident from this exercise that those at the lower discount level often benefit the most from this new product option, with a larger immediate positive impact on their cash flow. Since the difference in net cost between the Invisalign Comprehensive pay-as-you-go AAs option and the Invisalign Comprehensive 3-AAs included option is greatest at lower discount levels and decreases as discount levels increase, it helps most those practices that need it – while they're building case volume toward greater discount levels.

An additional benefit I have experienced is that it provides doctors with an option to address the costs associated with poor patient compliance. For example, one might consider charging 5% of the total case fee or doubling the cost of refinement to $340 per scan. As a result, the first patient with poor compliance effectively pays for their own additional aligners as well as those for the next noncompliant patient's. The second patient would be charged the same $340 fee and that would cover patients three and four needing additional aligners due to poor compliance. Patients three and four would then pay $340 each and they would cover patients five through eight and so on. In a sense, it creates a self-funding model in which poor-compliance patients help offset the cost of two future patients, relieving the doctor of the burden of absorbing that expense.

In a full-circle moment, Clayton M. Christensen might say that the empowering innovation of the Invisalign Comprehensive pay-as-you-go AAs option has transformed something once considered complicated and expensive into something simple, more affordable, and closer to the cost of braces – while maintaining the unparalleled practice-management "Plastic Employee" benefits that aligners offer.

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[1]'The Plastic Employee', Nicozisis J., The Progressive Orthodontist, Q1 2017