

# Reducing AR90+: What Every Dental RCM Leader Should Know



## Dental

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Managing AR90+ is more urgent than ever. The industry average for dental accounts receivable days is about 45, but when balances age past 90 days, the likelihood of collecting drops sharply.

According to [DentistryIQ](#), practices with average AR days exceeding 45 are especially prone to cash flow crunches and operational inefficiencies, highlighting the critical importance of disciplined AR management for sustained success in today's competitive dental landscape.

Uncollected aging receivables past 90+ days erode EBITDA and eventually the enterprise value of your DSO. Private equity firms perform rigorous due diligence on outstanding AR. Seeing excessive AR90+ as both a profitability concern and a risk to future cash flow consistency.

In other words, a loss of \$100,000 to bad debt not only reduces EBITDA by that amount, but with a multiple of 5, the real loss to the organization's valuation is \$500,000. In this article, we share strategies and examples on how to reduce AR90+ to improve your cash flow, enhance financial predictability and lighten the administrative burden.

## What is AR90+?

AR90+ refers to accounts receivable balances that have been unpaid for more than 90 days (patients or insurance). In the dental revenue cycle management, these balances represent outstanding amounts that are increasingly difficult to collect as they age.

A high AR90+ percentage is a critical warning sign of operational issues with billing and dental collections processes. Because AR90+ is notoriously difficult to recover, every dollar stuck in this bucket can mean lost profit, increased write-offs, and diminished operational efficiency.

Proactively shrinking AR90+ is one of the most effective ways to safeguard revenue, optimize cash flow, and show discipline and transparency in revenue cycle management.

## The AR90+ Opportunity for DSOs

The good news is that we've seen a meaningful improvement with just a 10% shift: ~10% of accounts moved from AR120+ to AR90, 10% from AR90+ to AR60+, and 10% from AR60+ to AR30+.

Using this strategy, we helped the 49-location [Young Family Dental](#) reduce AR90+ by \$347,000 and overall AR by 60% or \$565,000. It took our claims automation and real-time reporting platform, along with comprehensive support to achieve these wins.

The live aging report feature automated many of their manual processes, cutting claim management time by 50%. Improved visibility into claim cleanliness and faster payment cycles enhanced the clean claim rate, saving rework time.

The example below depicts an ideal distribution of AR. While we'd love to have just 5% of our accounts in AR90+, most of our clients come in 35% there. Of course, as AR ages, collection rates decrease.

## Example: \$1,000,000 Revenue

	1-30 Days Post Service	31-60 Days Post Service	61-90 Days Post Service	91-120 Days Post Service	120+ Days Post Service
Distribution Percentage	71%	15%	5%	5%	4%
CLAIM AMOUNT	\$710,000	\$147,000	\$49,900	\$54,600	\$39,100
% of AR Projected to Collect at Time Intervals	90%	75%	40%	30%	10%
Cash Collected	\$639,000	\$110,250	\$19,960	\$16,380	\$3,910
<b>Amount Services Completed</b> \$1,000,000 <b>Cash Collected</b> \$789,500 <b>Uncollected Revenue</b> \$211,100					
<b>79%</b>					

The impact of improving collections by 10% for each bucket is meaningful. What if, instead of collecting 71% within 30 days, the organization collected 78%?

That shift would put \$780,000 in the 30-day bucket, which gets collected at a rate of 90%. From that additional \$70,000 getting collected at 90% rather than 75%, an additional \$10,500 is recouped. Moving more accounts from older to newer buckets similarly improves collections. Making this shift for this organization results in \$48,000 in additional cash collected on that \$1,000,000 revenue. Take that \$48,000 to boost EBITA, but don't forget that a multiple of 5 potentially renders a \$240,000 higher valuation.

## Example 10% Improvement: \$1M Revenue

	1-30 Days Post Service	31-60 Days Post Service	61-90 Days Post Service	91-120 Days Post Service	120+ Days Post Service
 Distribution Percentage	78%	15%	4%	2%	1%
 % of AR Projected to Collect at Time Intervals	\$780,000	\$150,000	\$40,000	\$20,000	\$10,000
 Cash Collected	90%	75%	40%	30%	10%
	\$702,000	\$112,500	\$16,000	\$6,000	\$1,000
<b>Amount Services Completed</b> \$1,000,000 <b>Cash Collected</b> \$837,500 <b>Uncollected Revenue</b> \$162,500 <b>83.75%</b>					

Also, consider the \$48,000 figure a placeholder. A DSO with \$50,000,000 in revenue recoups \$2,400,000 and a higher valuation of nearly \$10 million dollars with a multiple of 5.

## What Are The Benefits of Reducing AR90+?

Reducing AR90+ provides several measurable benefits for dental practices and DSOs:

- **Improved Cash Flow:** Cash comes in more promptly, ensuring the organization can meet payroll, invest in growth, and cover operational expenses without stress.
- **Increased Revenue and Less Write-Off:** As AR ages, the likelihood of collection drops sharply. Reducing AR90+ means collecting revenue that would otherwise likely be written off as bad debt.
- **Stronger Financial Health and EBITDA:** Healthier receivables translate to higher EBITDA, making the organization more attractive to lenders, investors, and buyers.
- **Higher Practice or DSO Valuation:** When AR is under control, valuation multiples rise, and DSOs are positioned for favorable deals in mergers, acquisitions, or private equity sales.
- **Lower Administrative Burden:** Staff spend less time chasing old balances and more time on patient service or proactive AR management, reducing burnout and error rates.
- **Better Patient and payer Relations:** Faster, clearer billing improves patient satisfaction and streamlines insurance interactions, minimizing disputes and improving reputation.
- **Operational Transparency:** Lower AR90+ levels signal disciplined management and allow leaders to spot and fix systemic revenue cycle breakdowns before they hurt the bottom line.

These combined financial, operational, and reputational gains make reducing AR90+ a top priority for every dental revenue cycle leader

## Why AR90+ Stays High: Common Challenges That DSOs Face

The benefits above are ideal, but DSO leaders must overcome significant hurdles to achieve them. If you haven't been able to reduce your AR90+ effectively, most likely you're facing these common challenges.

### Resourcing

High staff turnover and insufficient training lead to overlooked billing steps and job role confusion ("AR90+ isn't MY job!"). In an era of staff fluctuations, visibility into the revenue cycle is critical.

This type of disruption occurred when [37-location DSO P4D](#) abruptly ended its partnership with a disappointing third-party RCM provider. To manage the change, RCM Director Shawna Borchelt acquired a project management tool, hired staff, and established internal processes. One year into the transition, Borchelt realized collections needed improvement. With the help of InsideDesk's [revenue cycle analytics](#) platform, she generated extensive reporting that left no room for misinterpretation of financial metrics.

This clarity helped her monitor team performance on claims and AR follow-up, as well as denial trends. By using the data to uncover broken processes and staff that needed support, the organization reduced days sales outstanding by 10, cut AR90+ by 10%, and achieved a 15% increase in clean claim rate, minimizing follow-up work.

### Varying Productivity

Our DSO clients report that some high-performing locations close AR in as little as 18 days, while others take four months. Inconsistent performance undermines centralized strategies, making it hard to forecast cash flow, set meaningful benchmarks, and roll out standardized best practices.

DSO leaders relate that they often spend extra time troubleshooting, coaching, and intervening in lower-performing offices. This work diverts them from critical tasks, such as driving strategic growth initiatives, standardizing best practices, and leading organization-wide performance improvement. They are seeking ways to improve performance across all locations.

### Lack of Transparency into the Revenue Cycle

Most of the DSO leaders we talk to have phenomenal processes in place. They've been at this job for 20 years! What they're

missing is the technology. When DSO executives lack access to clear revenue cycle data and analytics, determining the root causes of high AR90+ can be challenging.

For instance, a client may tell us that the source of their aging AR is lagging payer reimbursement. After analyzing their claims data, they may be shocked to find that the real source is accounts that were touched but never closed. The root cause lies within their own organization.

Forward-thinking organizations now recognize that data-driven insights offer greater transparency than the opinions of even the most seasoned experts. Data-based decisions rely on objective, verifiable evidence, leading to greater accuracy and predictability. Data-driven approaches also get more buy-in from teams, the C-suite, and stakeholders.

True revenue cycle transparency takes data and analytics, most conveniently and accurately provided by AI and automation-supported claims management solutions.

## Lack of Transparency into Location Production

Without visibility into office-level performance, DSOs cannot identify their most and least productive locations. Efficiency insights help DSO business managers find the most effective processes, eliminate underperformance, and standardize success across sites.

Our clients share that PMS tools rarely provide the reporting that reveals how many of their offices' AR is sliding toward bad debt. It also fails to reveal outstanding production from payers or each payer's days to post. DSO leaders need these critical metrics to negotiate contracts later.

## DSO Leadership Role In Reducing Overdue Accounts

Without transparency into location performance and workflows, RCM leaders are working in the dark. DSO leaders are obligated to:

- Establish a foundation of data-driven visibility
- Analyze workflow and performance trends across all locations
- Develop informed strategies that prioritize transparency, accountability, and results.

Only with clear insight into which offices or teams are struggling—and why—can the leader provide targeted coaching, allocate resources effectively, and guide the organization toward AR90+ improvement. Data transparency, not guesswork, is the engine that drives smarter, more agile leadership in DSOs.

Nearly every DSO today is modernizing by adopting some form of claims-focused AI- and automation-supported software to track overdue accounts at scale. Claims management software remedies the biller shortage. With it, you can:

## Avoid Claims Management Hires

Automated patient and insurance claims platforms submit and follow up on claims, send reminders, and track outcomes, reducing manual work and improving collection rates. Automation assumes the majority of the claims management work.

## Leverage Industry-Leading Claims Expertise

Of course, you want the most experienced billers, but these professionals are hard to find. When software solutions embed best practices, the outcome approaches the level of the best billers.

Claims are submitted accurately, denials are handled efficiently, and AR follow-up protocols are executed consistently. The software knows which payers need which attachment and automates documentation without tiring. It understands how to convert CDT codes to meet payer standards.

## Support Your Teams with Powerful Technology

When billers can automate routine tasks such as insurance verification, eligibility checks, claim submission, and payment posting, the most menial aspects of their workflow are lifted.

Further, billers want to avoid mistakes. Claims management software supports them in this goal. Systems that automatically flag missing information, detect coding errors, and highlight claims at risk of denial improve billers' performance.

## Automate Claims Prioritization

A burdensome task in the biller's day is determining which overdue claim should be addressed first.

AI analyzes large volumes of claims data to identify accounts that are most overdue or likely to impact cash flow if left unresolved. It uses algorithms to prioritize these claims by urgency, denial risk, payer response patterns, and revenue value, listing them in a convenient dashboard.

With this list, teams start their day focusing on the claims with the greatest financial or operational impact.

Automation and AI-powered claims management software enable DSO executives to break free from the limits of existing staff and manual, labor-intensive billing processes.

By automating high-volume claims work, error detection, and prioritization, technology frees teams to focus on strategic tasks and exception resolution, regardless of staff shortages or location count.

## With Technology, You Can Rely on Advanced Data Analysis

The more DSOs centralize all data—from PMS, payers, clearinghouses, and users—the more accurate their analytics and insights will be.

Claims management software's real-time dashboards surface patterns, bottlenecks, and opportunities, allowing executives to make informed, data-driven decisions. Analytics help you optimize dental collections processes and improve staff efficiency.

For instance, by analyzing which locations collect AR90+ fastest, leaders can compare processes and create standard operating procedures to share with poor-performing locations. Start with the accounts and offices with large AR90+.

## Rely on Clear Reporting

When you want to know exactly how much of your AR90+ is problematic, claims management software reports reveal:

- **AR ratio:** This clear measurement of how efficiently receivables are being collected lets you spot potential cash flow concerns.
- **Collection days by location:** Find lagging offices or teams that need process improvements or additional support.
- **AR for all buckets:** Get a detailed breakdown of claim aging to prioritize AR follow-up and address the highest-risk accounts.
- **Percent underpaid:** Find recurring payer or code issues causing revenue leakage that require focused action.
- **Days to post:** Gain visibility into internal processing delays and identify opportunities to accelerate the revenue cycle.

These actionable insights guide which AR90+ issues to prioritize, which offices or processes need extra support, and what targeted strategies will drive the fastest improvement in dental collections processes and financial results.

## Establish Benchmarks and Monitor Progress Toward Them

AI-driven software comes preloaded with useful claims management benchmarks that target AR90+ collection performance. These include:

- **AR production:** Reveals total expected and actual receivables generated from claims. It helps leaders identify whether claims management is generating the level of collections needed to sustain practice growth.
- **Collection days:** Measures how quickly claims are collected after submission. Shorter collection days point to efficient claims processes, while delays signal workflow bottlenecks or payer issues.
- **Claim yield:** Shows the percentage of claims paid versus submitted. A consistently high claim yield demonstrates strong claims processing and revenue cycle performance.
- **AR age:** Breaks down receivables by aging buckets, revealing what proportion of claims remain unpaid over time. Finds the most overdue accounts for more aggressive resolution and improves overall cash flow health.

DSO leaders can monitor progress toward improving these numbers and share with private equity backers to confirm revenue cycle improvements and justify the strategy.

## Centralize Data and Location Performance

With centralized data and reporting, DSO leaders can securely view all data from one hub, compare performance between offices, and drive accountability. Having remote teams at different locations doesn't have to impede efficient leadership.

While integrating location data takes focus and energy, it's a key step in running an efficient DSO. Decentralized data silos put DSO leaders at risk of incomplete, conflicting, or delayed information. Clarity only results when leaders can accurately monitor performance, identify bottlenecks, and respond quickly to operational challenges across locations.

By setting performance benchmarks, monitoring key metrics, and driving accountability, RCM leaders create a culture of proactive AR90+ management that maximizes dental collections processes and safeguards the financial health of the organization.

## InsideDesk Supports DSOs in AR90+ Recovery

Getting AR90+ under control is a defining priority for every DSO executive. It directly impacts cash flow, EBITDA, organizational value, and practice viability.

When aging receivables are allowed to accumulate, revenue leakage, write-offs, and administrative inefficiency escalate—leaving DSOs vulnerable to lower valuations and missed financial targets. Only through disciplined, data-driven oversight and a commitment to continuous process improvement can leaders turn AR90+ from a chronic headache into a strategic advantage, reinforcing credibility with stakeholders and unlocking sustainable growth across the organization.

[InsideDesk's dental RCM platform](#) modernizes DSO operations by automating claims handling, denial management, and accounts receivable tracking, while delivering robust analytics to support rapid, data-driven decisions. The [InsideAssist](#) solution eliminates the time wasted on manual claims and EOB follow-up, directing team effort toward resolving unpaid claims and boosting dental collections process efficiency.

[Schedule a demo](#) to see how InsideDesk can help manage and collect your DSO 90+ day AR.

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