Corporate Dentistry vs. Private Practice

ASSC / Center for Advanced Dental Study
Marketing and Communication

WOW!

- Where is George Clooney and Jennifer Aniston?
Legal Problems

Heartland - 2008
- $3,000,000 settlement to US and Illinois
  - $1,650,000 improper billing
  - $1,350,000 DEA – lack of DDS registration

Aspen Dental - 2014
- Class action – illegally owning clinics, deceiving patients

Small Smiles - 2014
- $24,000,000 refund to Medicaid – unnecessary billing
Terms and concepts

- The Industry –
  - “Dental Service Organizations”
  - “Dental Service Management Organizations”
  - “Dental Management Service Organizations”

- Dentists – “Corporate Dentistry”
Dental Visits
- 53% - out of pocket
- 42% - involved private insurance

MD’s vs. DDSs
- 92% of MD’s had some managed care
- 20% of DDS had some managed care
People likely to see a Dentist

- Income $50,000 or more / yr.
- A college degree
- Has dental insurance
Problems with Fee for Service

Traditional insurance drives treatment decisions
- Over utilization
- Lack of quality assessment

Managed Care –
- Cannot easily assess outcomes
- Only works in Dentistry by controlling costs
  - Limiting services
  - Requires increased efficiency
Positive future factors

- Decreasing number of dentists / population
- Closing of dental schools
- Increase of population – need for dentistry
- Increase percentage of women in dentistry
  - More part time
  - Less production
Conclusion - 1999

The market forces that drive down costs will be what controls the destiny of future dental reimbursement rather than dentistry it’s self controlling the system

- An eventual two tier system
  - Fee for service for select patients (decreasing)
  - Managed care for the rest of patients (increasing)
  - Managed care will develop outcome assessments eventually
In 2012 – 10% of practices are “corporate”
- Projected growth to 16% by 2018
- Growth rate of dental management companies
  - 11% in 1990
  - 30% in 2012
  - 50 to 60% projected by 2020
- 74% of all dental practices accept at least one PPO
Present Problems

Dental Economy Disengaged from Real Economy

- Collections down 3.3%
- Overhead up 1.1%
- Decrease in production for %75 or practices last 4 yrs.
- Increasing number of DDS’s – 8 to 15 new schools
- Changing consumer buying habits
- Decreasing insurance reimbursements
- Increasing acceptance of managed care concepts
Realities – Marc Cooper DDS

Dentistry always follows Medicine – ALWAYS

- Increased costs, decreased or flat revenues
- Downward pressure by 3rd party entities
- PPO’s
  - 80% of insurance –
  - 50% have dental insurance benefits
  - Within this group are the %70 to %80 who see the dentist
Realities

- Dentistry is fragmented as a profession
  - Corporate Opportunity
- Dentistry is seen as a recession proof profession
  - Real business solutions – can be done better
- Dental education expensive - $250,000
  - New grads – good salary, no overhead, quality of life
  - May be more attractive to women
- Dentistry rated #1 profession – US News and World Report 2013
Challenges to Private Practice

- High debt to start practice / education
- Incomes flat
- May be more difficult to obtain loans
- Increase expenses
- Increased competitive markets
- Increased regulation
- Increased costs to stay technologically competitive
- Poor business skills / marketing skills
Corporate Advantages

Economies of Scale

- Increased capability to use high technology
- Superior marketing customer outreach
- Better management support
- Decreased cost of supplies including labs
- Better reimbursement of PPO fees
- DDS’s able to concentrate on dentistry
- Improve quality of life issues.
Solutions

What does a small practice have as an advantage over a corporate entity?

- What are some of the things that the private practitioner can offer patients that are not so easily duplicated in a corporate setting?
- What does the private practice dentist have that the corporate entity wants but finds hard to acquire?
- How can these factors define our practices?
- How can they be used as a leveraged advantage in the future?
- What must the private practice dentist do to thrive in the future?
- How will the private practice of dentistry need to change to compete for the future?
Conclusions and Solutions

Private Practice will survive
- Dentists must be true to core values
- Who you are is your “Brand!”
- Dentists will need to be focused on what they do best
- Dentists will need to be exceptional at what they do
- Dentists will need to have better business skills
- Private practice evolve into boutique or develop multi-doctor practices for economy of scale
- Dentists will need to be more consumer sensitive
- Practices must embrace technology