

Road Map

to Starting a Successful Dental Practice



OHIO DENTAL ASSOCIATION
Informing - Representing - Serving



to Starting a Successful Dental Practice

This Road Map is designed to provide a basic overview of key issues and considerations for starting a successful dental practice in Ohio. It provides a wealth of business information that, most likely, wasn't included as part of your curriculum in dental school.

The Ohio Dental Association's Subcouncil on the New Dentist has compiled this information as a valuable tool for young dentists, or anyone starting a new practice. It isn't possible to include everything you need to know to start a new practice, but we hope this will start you on the road to success.



Organized Dentistry

Information and resources available through the American Dental Association, the Ohio Dental Association, and your local component will be particularly helpful while establishing your practice and during the early years of your career. Membership provides a wide variety of valuable products and services, plus assistance from knowledgeable, experienced staff.

AMERICAN DENTAL ASSOCIATION (ADA)

www.ada.org

ADA has developed a number of products and services specifically for new dentists. From practice management publications and seminars to insurance, financial management and professional education programs, ADA serves as a valuable resource to new dentists.

OHIO DENTAL ASSOCIATION (ODA)

www.oda.org

ODA's Subcouncil on the New Dentist and Council on Membership Services constantly strive to meet the needs of all dentists – from early in their careers to retirement. ODA's professional staff is knowledgeable, experienced and eager to serve as a valuable resource to member dentists.

KEY ADA/ODA MEMBERSHIP BENEFITS INCLUDE:

- Professional information and publications – ODA Today, Journal of the American Dental Association, ADA News, DentalBytes, www.ada.org, and www.oda.org.
- Professional education opportunities – ODA and ADA Annual Sessions feature world-renowned speakers and a dynamic exhibition of dental products and services.
- Exclusive Members' Only Insurance – group rated health and disability, professional liability, office overhead, long-term care, and life insurance programs.
- Financial Services – personal credit cards, credit card acceptance programs, and patient financing.

There are also 25 local dental societies in Ohio that serve members dentists. Although specific programs vary, all local dental societies serve as a resource through valuable networking opportunities. Contact the ODA for specific information on the dental society in your area.

The ODA & ADA have experienced staff that can answer your questions. Call toll-free 1.800.282.1526 (ODA) or 1.800.621.8099 (ADA)



Regulatory Compliance

Visit the Ohio State Dental Board online at www.dental.ohio.gov

OHIO STATE DENTAL BOARD (OSDB)

77 S. High St., 18th Floor
Columbus, OH 43266-0306
614.466.2580

The OSDB regulates the practice of dentistry in Ohio and maintains responsibility for licensing dental professionals practicing in the state.

DENTAL LICENSE

To be granted a license to practice dentistry, an applicant must meet ALL of the following requirements:

- (1) Be at least eighteen years of age;
- (2) Be of good moral character;
- (3) Be a graduate of an accredited dental college or of a dental college located outside the United States who meets certain dental board standards;
- (4) Have passed parts I and II of the examination given by the national board of dental examiners;
- (5) Have passed a written jurisprudence examination administered by the state dental board;
- (6) Pay the current fee required by law.

An applicant must also meet ANY ONE of the following requirements:

- (1) Have taken an examination administered by any of the following regional testing agencies and received on each component of the examination a passing score: the central regional dental testing service, inc., northeast regional board of dental examiners, inc., the southern regional dental testing agency, inc., or the western regional examining board;
- (2) Have taken an examination administered by the state dental board and received a passing score as established by the board;
- (3) Possess a license in good standing from another state and have actively engaged in the legal and reputable practice of dentistry in another state or in the armed forces of the United States, the United States public health service, or the United States department of veterans' affairs for 5 years immediately preceding application.

All licensed dental professionals must notify the OSDB of any change in address or employment within 10 days of that change. Dental licenses must be renewed on or before January 1 of each even-numbered year. All dentists must obtain at least 40 hours of continuing dental education every two years in order to renew their license. Of these 40 hours, at least two must be in infection control and two in substance abuse. Also, at least 10 hours must be in a live, directly interactive format.



Regulatory Compliance

DENTAL HYGIENISTS

All dental hygienists must have a current Ohio license to practice. Hygienists may request an application for licensure from the OSDB after graduating from a dental hygiene school and passing a Regional Board examination. Licensure by credentials is available. A hygienist's license must be renewed bi-annually on or before January 1 of even-numbered years. Hygienists are required to complete 12 hours of continuing education every two years and must be certified in CPR for license renewal.

DENTAL ASSISTANTS

Dental Assistants who take x-rays must meet certain requirements of the Ohio State Dental Board for radiology licensure. The license must be renewed bi-annually on or before January 1 of odd-numbered years. Dental assistant radiographers must obtain at least two hours in dental radiology education every two years.

ANESTHESIA, CONSCIOUS IV SEDATION & NITROUS OXIDE

A permit from the OSDB is required if you plan to perform general anesthesia, IV sedation, or conscious sedation in your practice. Dental hygienists who wish to monitor the use of nitrous oxide must first complete a course in nitrous oxide sedation that has been approved by the OSDB. Review the Ohio Dental Practice Act for specific regulations concerning sedation and how to obtain a permit.

INFECTION CONTROL

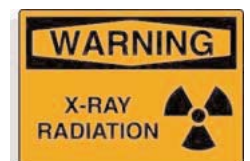
Ohio Department of Health
Division of Dental Health
246 N. High St.
Columbus, OH 43266-0588
614.466.4180

Contact the OSDB to request the Infection Control Rules and Regulations which are contained in the Ohio Dental Practice Act.

X-RAY REGISTRATION

If your x-ray machines are not currently registered, contact the ODH Radiological Health Program at 614.752.4319 and request an application to register them. Every x-ray machine in your office must be registered. The required regulations may be obtained from the ODH website at <http://www.odh.state.oh.us/index.asp>. There is a bi-annual registration fee of \$200. Inspections of your x-ray equipment will be done by the Radiological Health Program at least every five years. Visit ODH online for a complete schedule of fees.

The ODA provides materials on these and other topics in the members only section of www.oda.org.



Regulatory Compliance

The ODA sample written plan can be found online at oda.org/membersonly/prcc.cfm

You are required to notify the Health Department within 15 days prior to the removal and disposition of any x-ray machine. This includes selling the machine or just taking it out of service. A quality assurance program that includes written safety procedures must be given to all employees, which should be read, signed, and maintained in the office. The ODA has developed a sample written quality assurance program, which is available in the members' only section of www.oda.org. A copy of the ODH "notice to employees" must also be posted in your office.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)

Columbus: 200 N. High St., Room 206, 43215; 614.469.5582

Cleveland: 1240 E. 9th St., 44199; 216.522.3818

Cincinnati: 36 Triangle Park Dr., 45246; 513.841.4132

Toledo: 420 Madison Avenue, Suite 600, 43604; 419.259.7542

OSHA maintains requirements concerning employee safety and training, dealing with issues such as infection control, hazardous materials and chemicals, and general workplace safety. A copy of the Bloodborne Pathogens Standard can be obtained from OSHA. You must supply the Hepatitis Vaccine to your employees at no charge, have a written program and conduct annual training on infection control for your employees, and display the Job Safety and Health Protection poster (available on the Ohio OSHA web site or by calling 1-800-282-1425). These are just a few of the requirements that you must fulfill.

The ADA and ODA supply information to help you meet these requirements. Some of this information is free to members; other information, including training manuals and tapes, is available for purchase. Visit the members' only section of www.oda.org for more information.

PRESCRIPTION DRUGS

Drug Enforcement Agency

Columbus: 500 S. Front St., Suite 612, 43215; 614.255.4200

Cleveland: 310 Lakeside Ave., Courthouse Square, Room 395, 44113; 216.522.3705

The DEA provides authorization for dentists to issue prescription drugs. Contact the DEA to obtain a DEA number. Dentists must notify the DEA of any change of address from which drugs are prescribed.

AMERICAN DISABILITIES ACT

The Americans with Disabilities Act is a federal law that regulates how dentists and others treat patients and employees with disabilities. There are guidelines on how to design your office in order to make it accessible to those with disabilities. Contact the U.S. Department of Justice at 202.514.0301 or the ADA for compliance information.



Employment Issues

EMPLOYMENT ISSUES

Once you hire an employee, you take on additional responsibilities including withholding certain payroll taxes, obtaining workers compensation insurance and complying with safety and health regulation (see infection control section).

FEDERAL INCOME TAX WITHHOLDING

You must apply for an Employer Identification Number (EIN) using form SS-4. Obtain information on applying for your EIN by contacting the Internal Revenue Service at 1.800.829.1040. After applying for your EIN, you will receive a Federal Tax Deposit Book. You will use these coupons when you make deposits of deducted employee personal income tax payments, joint employee/employer social security and Medicare payments, and employer payments for Federal Unemployment Tax.

OHIO INCOME TAX WITHHOLDING

You must withhold Ohio income taxes from employee's wages each pay period. This applies to wages paid for work performed in Ohio. You must register by completing Form IT-1, Application for Registration as an Ohio Withholding Agent, and return it to the Ohio Department of Taxation. The State will send you a booklet to use in computing the amount of withholding with IT-1. After processing the IT-1, the State will send you a coupon booklet to report and pay the tax from your employees' pay. For more information, contact the Ohio Department of Taxation, income Tax Division, at 1.800.282.1780.

HEALTH INSURANCE

Ohio dentists are not required to offer group health insurance to employees, but providing this benefit may help attract and retain staff. If offered, coverage must conform to state standards which are monitored by the state superintendent of insurance.

WORKERS' COMPENSATION INSURANCE

Employers must pay premiums into the state workers' compensation fund or provide self-insurance in accordance with Ohio law. Workers' compensation insurance provides financial benefits for employees who suffer work-related disabilities, illnesses or fatalities. Workers' compensation replaces the right of workers to sue for damages through the courts for work-related injuries.

EMPLOYEE ELIGIBILITY VERIFICATION

Federal Immigration Law requires that employers verify the eligibility of employees to work in the U.S. You must complete a Federal Form I-9 for every new employee hired and retain this form for three years after the time of hiring or one year after termination.

ODA Services Corporation offers one of the most competitive health insurance plans available. Call 1.800.282.1526 for a free quote.

ODASC also offers a group rating program that saves your practice up to 95% off BWC premiums! Visit www.odasc.com for more information.



Business Organization

As part of starting a practice, you must decide what type of business best suits your situation. The various business structures include: sole proprietorships, partnerships and limited liability partnerships, and corporations and limited liability companies. Consult your personal attorney and accountant when determining which business structure is best for you.

SOLE PROPRIETORSHIPS

A sole proprietorship is a business owned, and generally operated, by one person who realizes the full profit from the business. The owner is responsible for all debts and assumes all risks and liabilities. Advantages include low startup costs and direct control. Disadvantages include unlimited liability, i.e. possibility of personal liability for business debt or obligation.

PARTNERSHIP

A partnership may be formed by two or more dentists acting as co-owners. An advantage of partnerships is that, unlike corporations, they offer flow-through taxation. That is, in a corporation the owners could be taxed twice; once on the salary they receive and once on corporate profits. In a partnership, income is only taxed once. A disadvantage of a partnership is that each partner may be liable personally for partnership debts or obligations.

PROFESSIONAL ASSOCIATION – INCORPORATION

Generally, a corporation is a legal structure which exists separately from the people who create it. When incorporators file Articles of Incorporation with the Secretary of State, the corporation becomes a legal entity and its continuity is unaffected by the death of an owner. The Dental Practice Act in Ohio requires all owners of a dental practice to be licensed dentists. As with all forms of dental practice organizations, a non-dentist may not own any part of or be a shareholder in an incorporated dental professional association.

One of the advantages of incorporating is limited liability. That is, generally, “owners” are not liable for corporate debt or obligations. However, the statutes governing professional associations do not modify any law applicable to the relationship between a person furnishing dental service and a patient, including liability arising out of such professional service. Accordingly, dentists may not receive the limited liability benefit when they incorporate. The disadvantages include expensive startup costs and extensive regulations. Another disadvantage is “double” taxation whereby federal tax must be paid on corporate income and profits when distributed to owners/shareholders.



Business Organization

LIMITED LIABILITY COMPANY

Generally, this type of entity is highly attractive because it offers the main benefit of corporation (limited liability) and the main benefit of partnership (flow-through taxation). An LLC must be formed by a minimum of two dentists who must file Articles of Incorporation along with a fee with the Secretary of State.

Dentists who form LLCs have flexibility in structuring operations. However, the terms of the operating agreement could cause the LLC to be treated as a corporation for federal income tax purposes.

The IRS considers four factors in determining whether an LLC will be treated as a partnership or a corporation for federal income tax purposes: (1) limited liability; (2) continuity of life; (3) free transferability of interest; and (4) centralized management. So long as the LLC possesses no more than two of these it will be treated as a partnership for federal income tax purposes.

Because of its nature, an LLC almost always possesses the characteristic of limited liability. Accordingly, the operating agreement may include only one of the remaining characteristics, i.e. continuity of life, free transferability of interest, or centralized management. If an LLC is treated as a partnership for federal tax purposes, it will be treated as a partnership for Ohio tax purposes and thus will not be subject to Ohio franchise tax.

REGISTERED PARTNERSHIPS HAVING LIMITED LIABILITY

Another new form of business organization created by the legislature when it created the LLC is the “Registered Partnership Having Limited Liability” (PLL). A PLL is just like a general partnership except that a partner in a PLL will not be jointly liable for anything that is chargeable to the partnership based on a wrongful act or omission, or breach of trust of another partner. Like a partnership, the PLL has the advantage of flow-through taxation.

To form a PLL, the partnership must file a registration application with the Secretary of State that contains the following: (1) the name of the partnership; (2) the number of partners; (3) a brief statement of the business in which the partnership engages; (4) the address of the partnership’s principal office; and (5) a statement indicating that the partnership is applying for status as a PLL.



Taxes

FEDERAL INCOME TAX

You must fulfill your income tax obligations to the federal government. To help identify and comply with these obligations, call the IRS at 1.800.829.1040. The IRS also offers a Small Business Tax Workshop designed to provide small business owners with an understanding of federal taxes.

OHIO INCOME TAX

Sole proprietors must pay Ohio income tax on the net earnings (income after expenses) from their business. Members of a partnership must pay Ohio income tax on their share of the partnership's net earnings. Self-employed dentists may be required to make estimated tax payments. For more information and to obtain the appropriate forms, contact the Income Tax Division of the Ohio Department of Taxation at 1.800.282.1780.

CORPORATE FRANCHISE TAX

The corporate franchise tax must be paid annually by all corporations (except certain exempt corporations including "S Corporations"). The Ohio Department of Taxation will send you a franchise tax return upon filing the Articles of Incorporation.

PERSONAL PROPERTY TAX

All tangible property used in your business is subject to property taxes, unless specifically exempted or excluded. Tangible personal property includes machinery, equipment, inventories, furniture, fixtures, and other similar types of property used in business. Tangible personal property is valued at a percentage of the depreciated tax value for tax purposes. These tax rates are determined locally. You must file a Personal Property Tax return within 90 days of your first day of business and annually thereafter between February 15 & and April 30. Contact the county Auditor in the county in which your business is or will be located for more information and the appropriate forms.

OHIO SALES TAX

If you make retail sales of items to patients, you must charge sales tax. In addition to Ohio sales tax, both county governments and regional transit authorities can levy additional taxes. Accordingly, the sales tax rates vary from county to county. When you obtain a Vendor's license (see below), the Ohio Department of Taxation will automatically send you the necessary forms and information that enable you to comply with Ohio Sales Tax Law.



Taxes & Additional Assistance

USE TAX

Ohio has a use tax which is charged on the purchase, rental, or lease of tangible property and selected services from outside Ohio for use in the business upon which no tax was paid. The use tax also applies to purchases within Ohio where not enough sales tax was charged. If you have questions about Ohio sales tax, contact the Ohio Department of Taxation online at <http://tax.ohio.gov/>.

VENDOR'S LICENSE

If you make retail sales of items to patients, you must obtain a Vendor's License from the County Auditor of the county in which your business is located. A Vendor's License is not transferable. A new owner must obtain a new license.

ONLY A PHONE CALL AWAY

The ODA and the ADA are great resources for your specific needs. In most cases, either organization will be able to provide a direct answer to your questions. If not, they will be able to point you in the direction you need to go. Do not hesitate to contact either organization to utilize the many services and benefits that are available to you as a member.

AMERICAN DENTAL ASSOCIATION

211 E. Chicago Ave
Chicago, IL 60611-2678
1.800.621.8099
www.ada.org

OHIO DENTAL ASSOCIATION

1370 Dublin Rd.
Columbus, OH 43215-1098
614.486.2700 or 1.800.282.1526 (in Ohio only)
www.oda.org

While the "Road Map to Starting a Successful Dental Practice" is intended to be a reference tool for dentists, a document this size cannot possibly answer all questions or discuss all issues which arise when starting a new practice. This document serves as a starting point only – you should consult your personal attorney about the issues discussed herein and all other legal matters that pertain to your particular situation.

The ADA and ODA have 1000s of pages of useful information online at www.ada.org and www.oda.org.



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