Roadmap to Dental Practice

The Guide to the Rest of Your Career
After Dental School and Licensure

ADA American Dental Association®
America’s leading advocate for oral health
As the #1 Organization for Dentists, the ADA Represents Every Dentist.

Some organizations focus on a specific career stage, such as the American Student Dental Association, serving those working towards a D.D.S. or D.M.D. degree. Other organizations focus on dentists practicing with a specialty, such as the American Academy of Pediatric Dentistry. And there are organizations that serve dentists of a specific cultural, religious or ethnic background. There are even groups of dentists organized around hobbies — do a search for Flying Dentists Association.

The phrase organized dentistry describes the combined efforts of all the organizations that work to contribute to the dental profession.

Tip: Visit ADA.org/societydirectories where you’ll find links to directories of state and local dental societies, as well as other organizations in the United States.

Note: This publication is intended to provide general background information on career planning issues. This publication is informational only and does not constitute financial or legal advice.

Individuals must consult with their private financial and legal advisors for such advice. Appropriate professionals should be contacted for such services.

By the fall semester of your third year, you should have a good idea of what your next move will be after dental school. Determining how you want to practice dentistry is a different question than just determining what kind of dentistry you want to practice. While you can do anything in dentistry, it is unreasonable to expect that you will be able to do everything, at least not at the same time. Think about the trade-offs involved in each decision on how you practice.

- Do you require a flexible schedule?
- Do you want a residency, or require specialty training?
- Do you want to build your own patient base?
- Do you want a foot in the door to ownership?
- Do you want a long-term arrangement? Short-term?
- Do you plan to participate in a program that will assist with loan repayment or forgiveness?
- Are you happiest as the leader, or do you prefer being a valuable member of the team?
- Do you get energized or exhausted contemplating small business details, like payroll and personnel?
- What sounds more appealing — the intimacy of a small office? The excitement of a large organization? Something in-between?
Advanced Dental Education

Dentists pursue postdoctoral study for many different reasons. An array of more than 700 programs exists across the country, varying in structure (dental school based, hospital based), finances (stipend, tuition, or both), potential earnings, and program length among other factors.

Does My ADA Dental Student Membership Continue Automatically?

No. Even if you are continuing your education in a specialty, residency, or other advanced education program, it’s important for you to apply for ADA membership as a dentist.

Graduate Student/Resident Membership — pay just $30 while enrolled in your program, and you’ll pay $0 after your program.

If you start an advanced dental education program right after school, you will still qualify for the Reduced Dues Program once you’re done with your advanced program. That means you pay $0 your first year out of the residency, and you won’t pay full dues until five years after you complete your program. For more on Reduced Dues, see page 30.

What Type of Advanced Dental Education Programs are Available?

Full-time postdoctoral programs accredited by the ADA Commission on Dental Accreditation are offered across the country in a variety of disciplines of dentistry including (shown in alphabetical order):

1. Advanced Education in General Dentistry Programs (AEGD)
2. Advanced General Dentistry Education Programs in Dental Anesthesiology
3. Advanced General Dentistry Education Programs in Oral Medicine
4. Advanced General Dentistry Education Programs in Orofacial Pain
5. Dental Public Health*
6. Endodontics*
7. General Practice Residency
8. Oral and Maxillofacial Pathology*
9. Oral and Maxillofacial Radiology*
10. Oral and Maxillofacial Surgery*
11. Orthodontics and Dentofacial Orthopedics*
12. Pediatric Dentistry*
13. Periodontics*
14. Prosthodontics*

*ADA recognized specialty

For more complete definitions of these programs, visit ADA.org and search for Understanding Advanced Dental Education and choose Program Options and Descriptions.
Applying for a Program — PASS and MATCH

Most postdoctoral programs use the Postdoctoral Application Support Service (PASS) and/or the Postdoctoral Dental Matching Program (MATCH). Each advanced program may choose to participate in either PASS, MATCH, neither, or both programs, so verify the application requirements before starting an application.

Although PASS and MATCH are separate and independent services, you can register for both services within the same PASS applicant portal.

PASS

PASS processes applications for many programs in advanced general dentistry, anesthesiology, endodontics, general practice residency, operative dentistry, oral and maxillofacial surgery, orthodontics and dentofacial orthopedics, pediatric dentistry, periodontics and prosthodontics.

Contact PASS customer service at 617.612.2065 or csrpass@dea.org or passinfo@passweb.org.

MATCH

MATCH is an automated system for matching students to their most preferred first year residency training program based on the program’s list of most desired students.

After applying to a program, applicants may be invited by individual programs to participate in the interview process. No offers are made by the programs during the interview period. For those programs who participate in MATCH, the next step is for both the applicants and the programs to evaluate each other independently, resulting in a “Rank Order List,” or an order of preference for both programs and potential students. This ranking is then submitted through the Match website and a comparison of the lists are used to place students into positions.

For more specific information on the Match process, visit www.natmatch.com.

How Do I Find an Advanced Education Opportunity?

For a complete directory of more than advanced dental education programs, visit ADA.org and enter the phrase advanced programs in the search field.

You can search by specialty, by state, or a combination (for instance Oral and Maxillofacial Surgery in Hawaii).

Preparing for the Advanced Education Program Interview

Here are some questions to anticipate:

- What factors did you consider when choosing a program?
- What do you consider to be the strengths and weaknesses of our program?
- What have you done to prepare yourself for this specific program?
Finding a Job in Dentistry

If you aren’t going directly into a post-doctoral program, then you are probably going to spend some time working as an employee. We know from surveys that almost two thirds of recent dental school graduates seek employment (rather than practice ownership) after dental school.

In Addition to a Paycheck ...

Employment can offer:

- Clinical experience, with professional consultation close-at-hand
- Opportunity to sample multiple practice setting options
- Little or no financial risk
- Geographic flexibility
- Educational debt repayment or forgiveness
- Possible benefits such as paid continuing education, insurance, vacation, and membership dues in organized dentistry

Keep in mind that many dentists choose more than one approach to practicing dentistry over their careers, and they may work in multiple practice settings.

Like many professions, dentistry depends on personal relationships and networking. Unlike some other professions, there is no central clearinghouse of jobs, and many of the best opportunities are shared via word-of-mouth.

Build your network before you need it! Whether you are volunteering at a Give Kids A Smile® event, attending a meeting of the local dental society where you attend school, or sitting in on a CE course, be certain to introduce yourself to everyone.

- Your school may offer placement assistance. If you are looking for an opportunity in a state other than where you are attending school, ask your school’s placement service if they can provide an introduction to someone at a school in your destination.
- Many state dental societies offer placement services or listings of open positions.
- Attend meetings of the local dental society in the community where you’d like to associate. In addition to meetings, volunteering for events is a great way to meet those in a position to hire you while working on a shared project.
- Professionals in the dental community, such as practice brokers, dental supply company representatives and others often know who is looking for a new employee.
- Network with new dentists in the area you’d like to practice. Contact the ADA New Dentist Committee at newdentist@ada.org for info about state and local new dentist volunteers.
- Some practices advertise for open positions. Of course an opportunity that attracts a lot of attention will create a lot of competition.

State and Local Dental Societies

Every state has a dental society (state societies are also called constituents) and each state has multiple local societies (also called components). Even if you are attending dental school in a location different from where you intend to practice, it’s smart to begin attending meetings of the local society while still in school in order to get involved and make connections.

Find a directory of state and local dental societies at ADA.org/societydirectories.
Equity vs. Non-Equity

An associateship may be either equity or non-equity — it depends on the individual situation. Most other employment opportunities are non-equity. In this context equity refers to ownership (sometimes shares of stock in a public company are called equities).

Equity isn’t better or worse than non-equity, but they are different. If you have an equity position in a dental practice, it means that you are an owner, or a partial owner.

Questions for You to Ask

- Who is the patient population? What kind of care will I be providing?
- What is this practice’s experience with employee dentists? Why are they hiring now?
- How are patients treatment planned?
- How is compensation calculated?
- What if productivity falls short for the practice?
- What is the distribution of hygiene revenue?
- Who is paying professional liability insurance premiums?
- Who is responsible for lab fees?
- Are there benefits, such as paid insurance (health, professional liability or other), paid CE, or paid ADA membership?
- How long do dentists typically stay in this position?
- May I talk with a current or former dentist employee to get an understanding of day-to-day operations?

Equity

- Greater financial obligation (“buy in”)
- Potential for great risk, great reward
- Increased responsibility and liability
- Share of profit or loss

Non-Equity

- Little or no financial obligation
- Reduced potential for risk and reward
- Reduced responsibility and liability
- Consistent income

Equity almost always requires a commitment — to have ownership, you have to make an investment, usually both money and time.

Acing the Interview

- Have a specific answer to “Why should I hire you?” or, “Why do you want to work here?”
- Identify the 3 worst questions you might get asked (and know the answers).
- Know and prioritize what you value in terms of autonomy, teamwork, and benefits.

How to Wow — Proven Strategies for Selling Your [Brilliant] Self in Any Situation
by Frances Cole Jones, 2009.
Employee or Independent Contractor?

**Employees** have less control and are typically subject to the employer’s instruction, such as when and where to work, what supplies must be used, how work is to be completed and other procedures. Employees may not have to invest in their own materials and may be eligible for benefits. For an employee, the employer dentist must generally withhold income taxes, withhold and pay social security and Medicare taxes, and pay unemployment tax.

**Independent contractors** have more control and are paid a flat fee for their work — and therefore they are not as likely to be reimbursed for expenses, nor receive benefits. There is generally no requirement to withhold or pay taxes for independent contractors — the burden is on the independent contractor.

Talk with your legal counsel or professional advisor to make sure your professional relationship is properly classified from an IRS perspective.

Where this creates complications for some small businesses if an owner wants to do both things at once — for instance, regard an associate dentist as an independent contractor when it comes to compensation, while regarding the associate as an employee when it comes to management.

You have heard of *common law marriage*? Well the IRS has a category called *common law employees*. In the above example, if the owner controls the work the associate does and how it is done, trains the associate to do things in a certain way, has financial control over the associate, limits his or her ability to work elsewhere, pays benefits, and/or has expectations about how long the relationship will last, these are all factors which can indicate to the IRS that the associate is an employee, not an independent contractor.

Resume or CV — What’s the Difference?

Both capture your achievements, just in different ways.

**C.V.** *(short for curriculum vitae)* is comprehensive. It shows *everything* in your professional career, including every educational achievement, award, professional membership, research or scholarship you’ve published, along with a complete work history.

A **Resume** is more like a snapshot — two pages max, one page is better. Think of a resume as being like an advertisement for why you are suited to a specific job — you would submit one resume for a job teaching at a dental school, and another resume for a job working at an FQHC (but the same CV).

Get it in Writing!

A recent survey showed that 63% of new dentist associates do have a written contract — so that means that 37% do not! A written agreement can help answer questions about the relationship in advance, and reduce the likelihood of misunderstandings.
Finding a Job — Associateships

A common form of dental employment is an associateship, where a dentist works as an employee of another dentist, or a group practice.

Every associateship is structured differently, depending on the parties involved. Like any long-term relationship, a successful associateship depends on shared goals and clear communication.

How Do I Find an Associateship Opportunity?

You may have heard that dentistry is like a small town where everyone seems to know everyone else. This word-of-mouth can be a great asset both for the new dentist hoping to find an associateship, as well as the hiring dentist interested in adding a dentist to the practice.

Unlike most other employment situations, an associateship is often structured around the transition of a practice. Although these transitions are common, it would be a mistake for either party to assume that transition is a given!

If you are hoping to eventually buy into a practice, while the hiring dentist is just looking for someone to ensure coverage during peak hours, this opportunity may not be a good fit. And if a dentist is hoping to sell the practice to an associate, while you are exploring your options and not interested in making an equity commitment, there could be frustrations.

What Hiring Dentists are Looking For

- A dentist with a similar philosophy
- A resume that reflects experience and accomplishments
- A candidate interested in becoming involved in the community (because that reflects positively on the practice)
- Good references — both professional and personal
- And finally, an interview that shows the candidate is a professional.

Part of being a professional includes a willingness to take on practice responsibilities.

For instance, the senior dentist may want an associate who will cover emergency calls, participate in marketing efforts or handle some paperwork obligations.

Certainly the senior dentist wants a candidate who is a good listener and is enthusiastic about becoming part of the team — because these candidates will communicate well with patients, the dental team, and the senior dentist!
Putting All the Pieces Together

Here’s a simple formula to determine the level of production required for a practice that pays on collection to generate a target income. In this example, the associate wants to earn $84,000 (before taxes) for the year at a practice where the compensation rate is 33% and the CP ratio is 98%:

\[
\text{Production} = \frac{\text{Desired Income}}{(\text{Compensation Rate} \times \text{CP ratio})}
\]

\[
\text{Production} = \frac{84,000}{(0.33 \times 0.98)}
\]

\[
\text{Production} = \frac{84,000}{0.3234}
\]

\[
\text{Production} = 259,740
\]

In order to earn $84,000, this associate will need to produce $259,740. Obviously, any one of these variables affects the equation.

In discussing compensation based on collections, how patients are assigned is just as important as the CP ratio for the practice. If the owner dentist treats all fee-for-service patients and you treat all the managed care patients, the owner’s CP ratio may be 98% while yours is 80%. If patients are assigned randomly, both you and the owner dentist are more likely to have the same CP ratio.

Compensation

Although associates can receive a flat salary or hourly rate, it is more common for an associate’s compensation to be a percentage of production and/or collections. Let’s imagine a scenario where you perform ten prophys over the course of a week, and patients are billed $10 each.

Production is the gross revenue associated with the quantity of work that a dentist does. For those ten prophys, your production is $100 for the week.

Compensation Rate is the percentage that you earn. For instance, a practice might pay a compensation rate of 30%. In the ten-prophy example above, a dentist earning 30% would earn $30. The remaining $70 would go towards practice overhead and profits.

Collection is the amount of money that the office actually receives. For instance, a patient might not end up paying the bill, or the practice could have a contract with a third party payer that gives a discount. Continuing with the ten-prophy example, imagine all ten of those patients have an insurance plan that pays the provider a 10% fee discount. This makes the collection $90 rather than $100.

CP (Collection to Production) Ratio: If the fee for a prophy is $10, and the practice ultimately receives $9, the CP ratio is 90%.

The CP ratio can vary widely, depending upon the location and type of practice. Ratios of 95% are common, but in some areas of the country much lower ratios are routine.
Finding a Job — Large Group Practice

For purposes of this document, large group practice refers to a very large (more than 20) number of dentists practicing at a single location or multiple locations.

There is significant variety in large group practice operations. Some operate under their own brand name, while others have each location operating under its own name. Some specialize in a narrow scope of treatment, while others provide a full range of general and specialty services. Some focus on private paying patients — whether through PPO or other dental benefit plans — while others emphasize Medicaid patients.

A large group practice may be able to negotiate volume discounts with suppliers and labs. A large group practice with multiple dentists at a single location may have more flexibility to maximize patient care hours offered at its facility (e.g. six days a week, 10-12 hours per day.) And a large group practice may devote a significant budget for marketing to attract patients.

These Are Some Large Group Practice Business Models:

Geographic Model
- Multiple-location practice limited to a particular geographic area (i.e., metropolitan area or state).
- May be a general practice, or may be limited to a single or multi-specialty type of practice.
- Ownership of the practice can vary from a single dentist to multiple owner-partners.

Group Practice Organization (GPO) sometimes referred to as franchise dentistry
- Operates under a brand name.
- Often the GPO is a “starting from scratch” practice.
- Several offices or branch locations in several states, each typically with one or two dentists.
- Dentist may be an employee or owner.

Dental Management Services Organization (DMSO)
- Often the DMSO works with an existing, successful practice, rather than developing a new practice.
- The dentist may retain ownership, while contracting with the DMSO who may provide materials, HR, marketing, and other practice elements for a fee.
- Some DMSOs start new practices (de novo); practice ownership paths may be available.
Finding a Job — FQHCs

An FQHC (Federally Qualified Health Center) is part of the dental safety net — these centers serve locations or populations with limited access to care. They may be located in urban or rural areas. An FQHC is often an integrated medical facility, where a patient has a single chart encompassing all care, including medical, dental and behavioral health.

Some dentists work full-time at a FQHC, while others devote part of their schedules to working for one of these centers. Loan repayment is available for a combined commitment that includes both a minimum number of 20 hours per week, and a minimum number of years of service. For more information, see www.hrsa.gov/loanscholarships/index.html.

How Do I Find an FQHC Opportunity?

If your dental school offers a clinical rotation into an FQHC, this is an excellent opportunity to gain experience with addressing the needs of underserved populations. Whether or not you do a formal clinical rotation, you can volunteer your time to perform appropriate functions at an FQHC. Many health centers are highly competitive and your experience can make a difference when multiple candidates are vying for limited opportunities.

To locate an FQHC opportunity, first visit the National Health Services Corps website nhsc.hrsa.gov and choose the jobs center link.

In addition to narrowing your search to dentistry positions, you’ll see that opportunities are identified by a HPSA score. HPSA (say "Hip-suh") designates Health Professional Shortage Area. The HPSA score usually is associated with a specific geographic location, but FQHCs do have a HPSA score simply due to their designation as an FQHC. The higher the HPSA score, the greater the challenges of access to care in this area. For dentistry, a HPSA score can range from 0–26. Note that there are three different varieties of HPSA scores, which are primary care (medical), dental and behavioral health.

The HPSA number matters if you plan to apply for loan repayment funds. HPSA scores allow governments to prioritize distribution of funding, and these funds are often directed towards the areas of greatest need, which is to say the highest HPSA score.

The National Health Services Corps website offers a loan repayment estimate calculator where you can propose numerous variables, including full-time or part-time employment, years-of-commitment, and whether the HPSA score is above or below fourteen. There are also descriptions of state and community loan repayment options.

The contract for employment with an FQHC is negotiated separately from the contract for loan repayment. For FQHCs, you can’t apply for loan repayment without having first contracted for employment.
Finding a Job — Federal Dentistry

Almost 5,000 dentists work for the U.S. Public Health Service, the Department of Veterans’ Affairs or the military.

While you may already be familiar with the military and the U.S. Department of Veterans Affairs (sometimes referred to as the VA), you may be less familiar with the U.S. Public Health Service Commissioned Corps.

The U.S. Public Health Service Commissioned Corps are uniformed dental officers, serving in the Indian Health Service, U.S. Coast Guard, Federal Bureau of Prisons and the National Health Service Corps. While their uniforms are derived from the uniforms of the U.S. Navy, the Commissioned Corps is under the Department of Health and Human Services, overseen by the Surgeon General, rather than under the Department of Defense. While the Commissioned Corps is not an armed service, officers may have the opportunity to assist in public health responses to man-made and natural disasters. Officers receive the same benefits as their counterparts in the military.

Federal dentists earn a base salary, in addition to an assortment of nontaxable income and benefits, providing a competitive compensation package that grows with years of service and promotions. And many dentists use their time as federal dentists to complete a residency or specialty program.

Unlike many other opportunities in dentistry, most employment in federal dentistry involves an online application process.

U.S. Army Dental Corps
www.goarmy.com/amedd/dentist.html

U.S. Navy Dental Corps
www.navy.com (search Careers & Jobs › Health Care)

U.S. Air Force
www.airforce.com/careers/detail/general-dentist

U.S. Department of Veteran’s Affairs
www.va.gov/dental/careers.asp

U.S. Public Health Service
www.usphs.gov/profession/dentist/

Who is Eligible for Federal Dental Service Membership?
Direct membership in the American Dental Association is available to dentists serving full-time on active duty with one of the Federal Dental Services identified on this page. Federal Dental Service members may join the tripartite, holding membership at the local, state and national levels, or directly through the ADA, and they still qualify for the ADA Reduced Dues Program. Visit ADA.org/fds to learn more and sign up!
Practice Ownership

According to recent ADA surveys, 76% of dentists are sole practitioners and another 15% are partners. For almost every dentist, ownership becomes a consideration at some point in his or her career.

To thrive in a solo or group practice you’ll need entrepreneurial expertise as well as keen dental skills. Managing employees, negotiating contracts, monitoring the cash flow, and marketing the practice all go onto the “to do” list of practice owners.

Statistically speaking, new dentists are much more likely to buy an existing practice than build from scratch, so that is the focus of this publication.

Why is this Practice for Sale?

The most common reason is retirement. The next most common reason for sale is disability. The owner dentist might have personal reasons, such as a move to another city, or a career change. Or the owner might have died.

It’s important to know why the practice is for sale, as this will help you to calculate goodwill.

Goodwill is an accounting term that encompasses all of the intangibles of a business that enhance its value. The goodwill of a dental practice would include:

- A great location
- An established phone number and website
- A well-trained staff
- Longevity
- Customer service
- Reputation

"In dental school I didn’t worry about how long it took to complete a procedure, or the cost of getting a patient into the chair in the first place, or the lab fees or ..."

— Class of 2011 graduate
Assessing the Value of a Practice

As the buyer, you may request:

• Prospectus and transition plan (The prospectus should include a statement describing the practice including the practice longevity, service mix, employees, and hours. The transition plan should include the logistics for how the transfer will take place, for instance if the seller dentist is agreeing to stay on as an associate for a period of time.)
• Agreements and leases
• Prior 3 years’ tax returns for the practice
• Current and prior year income statement
• Practice staff records
• Aging of accounts receivable
• Equipment list and value

It’s always smart to have an attorney review these documents!

What Is the Value of This Practice Anyway?
There are different methodologies for appraising practice value, and it’s not unusual to see different values placed on the same practice, depending on who is doing the appraisal. This makes it more complicated than appraising a car or a house, so you should anticipate looking at more than one appraisal for the same practice.
Practice Ownership — Working with a Lender

As the borrower, you may be expected to provide:

- Proof of life, disability, malpractice and professional liability insurance
- Copies of your dental license and driver’s license
- At least two prior year tax returns
- Co-signatures (often a parent or spouse)
- Character/business references
- Business plan and financial projections
- Credit application, including credit check
- Resume and C.V.
- Leases for real estate and equipment

Life and Disability Insurance

ADA-sponsored student insurance is available exclusively to ADA student members. Premiums are funded by the program, so there’s no cost to you while you are in school. For information about insurance costs, coverage, limitations, and terms for keeping coverage in force, visit www.insurance.ada.org call 888.463.4545, or email ada@gwl.com.

Count on the ADA

Just because a question is new to you, it doesn’t mean it’s new to us. Whether you need a word-of-mouth recommendation for an employment opportunity supplier, advice on buying a practice, or a mentor to help you grow, your state and local dental societies can help you answer all of your ownership questions.

Find a directory of state and local dental societies at ADA.org/societydirectories.

ADA Principles of Ethics and Code of Professional Conduct

All members of the American Dental Association voluntarily agree to abide by the ADA Principles of Ethics and Code of Professional Conduct as a condition of membership in the ADA. By requiring in its Bylaws that the professional conduct of its members by governed by the ADA Code, the ADA promotes adherence to high ethical standards by all members of the dental profession.
Reduced Dues after Dental School

The Reduced Dues Program provides savings for recent graduates in the years following dental school graduation. The program requires continuous membership following dental school, and most state and local dental societies offer similar reductions. If you graduate with the class of 2013, your Year 1 will be 2014.

Here’s how it works:

Year 1 — You pay $0 in dues at the national level.
Year 2 — You pay 25 percent of full national dues.
Year 3 — You pay 50 percent of full national dues.
Year 4 — You pay 75 percent of full national dues.
Year 5 and thereafter — You pay 100 percent of full national dues.

The Tripartite

The ADA, together with state and local dental societies, functions as a three-tiered system called the tripartite. With a few exceptions, ADA members hold membership at all three levels.

For example, if a dentist practices in Chicago, he or she would be a member of the Chicago Dental Society, the Illinois State Dental Society, and the national ADA. Dentists usually join and renew their dues through the state dental society.

Graduate Student/Resident Membership

Pay just $30 while enrolled in your program, and you’ll pay $0 after your program.

If you start an advanced dental education program right after school, you will still qualify for the Reduced Dues Program once you’re done with your advanced program.

ADA Membership

The ADA represents more than 157,000 dentist members, plus more than 18,000 dental student members. When we advocate on the issues that impact dentistry, we send the powerful message that nearly seven out of ten dentists stand behind the ADA.

No matter what your membership status is while in dental school, or where your career takes you after dental school, membership once you are a dentist is not automatic — you must apply for membership in the ADA.

Visit ADA.org/join or contact newdentist@ada.org to learn more about joining the ADA.
The ADA is the #1 association representing all dentists. We look forward to serving you throughout your career.

Help us keep in touch and we’ll keep you informed about the issues affecting dentistry and the resources available to you as a member.

ADA Office of Student Affairs
312.440.7470
studentaffairs@ada.org
ADA.org/student

ADA New Dentist Committee
312.440.9779
newdentist@ada.org
ADA.org/newdentist