Health Policy Institute

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Research Brief

General Practitioner Dentist Earnings Down Slightly in 2014

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Key Messages

- *General practitioner dentists' earnings declined slightly in 2014. This represents a continuation of a multi-year trend. For specialist dentists, earnings trends are more volatile.*
- *Low dentist busyness levels and low wait times indicate additional capacity is available in the dental care system.*
- *With five full years of data since the beginning of the economic recovery, it is clear that dentist earnings are not rebounding.*
- *Looking forward, given that dental spending is expected to remain sluggish while the supply of dentists is expected to increase, the prospects for dentist earnings remain unclear.*

Introduction

Dentistry is a profession in transition. Previous research has shown that a broad set of factors intersected in the early 2000s that started a decline in average dentist net income.[1,2] One of these factors is a steady decrease in dental care use among adults that began well before the recent economic downturn and, to date, shows no sign of reversing in any major way.[3] Recent analysis shows that a "new normal" may be emerging in terms of dental spending, demand for dental care and dentist earnings.[4]

In this research brief, we present new data on dentist earnings through 2014. This is part of the ADA Health Policy Institute's annual update of trends in the dental care market. We discuss the policy implications of our findings.

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Data & Methods

We rely on data from the ADA Health Policy Institute's Survey of Dental Practice. This annual survey is conducted on a nationally representative random sample of 4,000 to 17,000 dentists in private practice. According to the most recent data available, 92.2 percent of active dentists in the United States are in private practice.[5] Response rates to the Survey of Dental Practice from 1982 to 2014, our period of focus, varied from 14–50 percent. The most recent year for which data are available is 2014 and the response rate was 14.0 percent. The survey oversampled specialists to ensure an adequate number of responses for statistical analysis. During data cleaning, outliers were screened and dropped from the analysis where appropriate.

The survey asked dentists a variety of questions related to their practice, including their net income. Net income is defined as for "you only" and is income left over after practice expenses and business taxes and includes salary, commission, bonus and/or dividends, and any payments made to a retirement plan on the dentist's behalf.

The survey defined owner dentists as "sole proprietors" (the only owner/shareholder) or "partners" (one of two or more owners/shareholders). Employed dentists were defined as non-owners compensated on a salary, commission, percentage or associate basis.

A survey question on busyness offered four choices: (a) Too busy to treat all people requesting appointments, (b) Provided care to all who requested appointments but was overworked, (c) Provided care to all who requested appointments but was not overworked, (d) Not busy enough, could have treated more patients.

We compared the trend for dentist net income to per-capita gross domestic product (GDP), a basic measure of economic activity. We obtained inflation-adjusted GDP data from the Bureau of Economic Analysis and population data from the U.S. Census Bureau. We obtained inflation-adjusted U.S. mean household income from the U.S. Census Bureau's Current Population Survey. We adjusted dentist earnings for inflation using the All Items Consumer Price Index (CPI).

Estimates were weighted, where appropriate, to compensate for oversampling of specialists. In addition, estimates for the years 2000 through 2014 were weighted to compensate for survey nonresponse bias with respect to these dentist characteristics: age group, general practitioner or specialist status, ADA membership status and county population corresponding to the dentist's location. Since our primary period of focus is from 2000 onward, we did not compute nonresponse bias weights for data prior to 2000; in addition, we lack the supplemental data necessary to consistently apply this type of weighting prior to 1995.

We tested for statistically significant differences in means over time using t-tests ($p < 0.05$). We used a chi-square test to test for significant differences in proportions ($p < 0.05$). SAS Version 9.3 was used in this analysis.

Results

Inflation-adjusted GDP per capita has increased each year since 2009, up 6.5 percent in total from 2009 to 2014. The U.S. economy is clearly in steady recovery. By contrast, over the same period, inflation-adjusted U.S. mean household income increased by only 1.0

percent. While the U.S. economy is in recovery, household incomes are not.

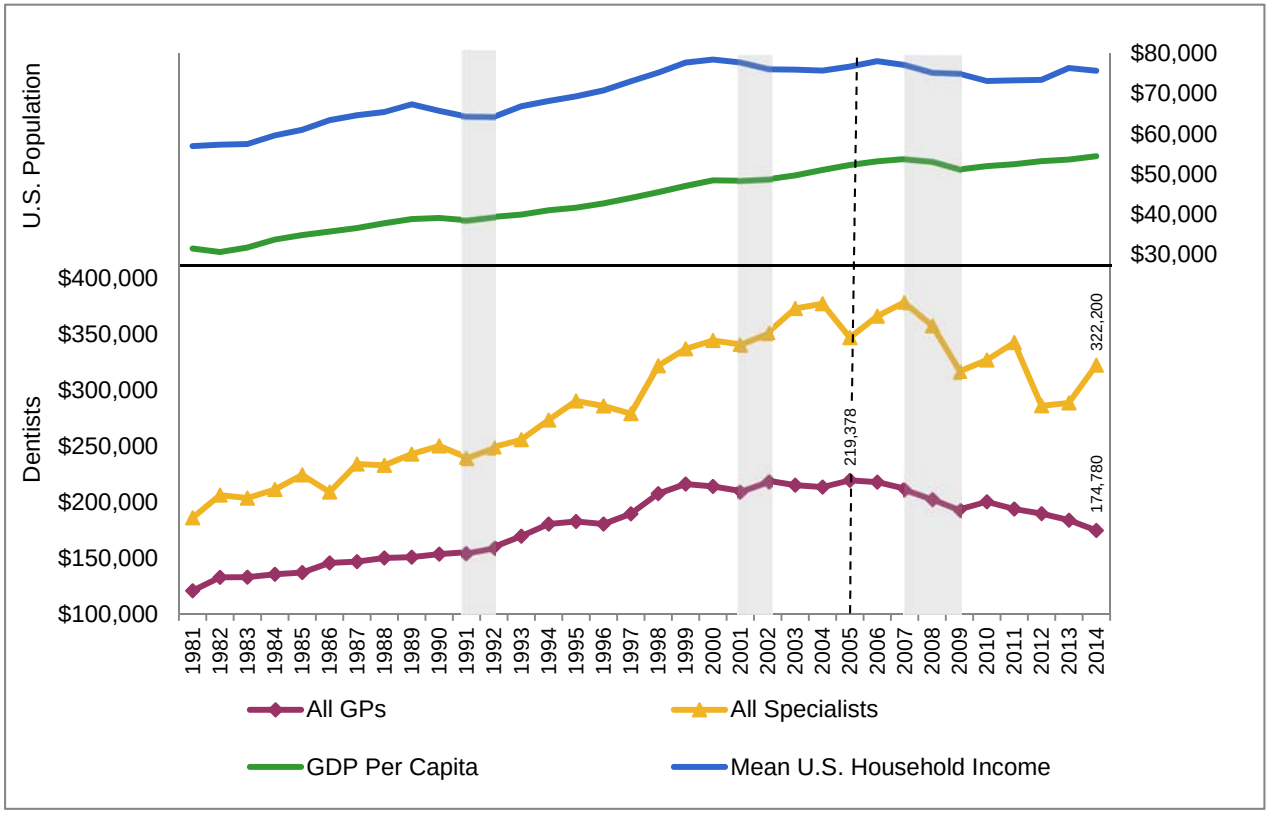
In 2014, average annual net income was $174,780 for general practitioner dentists (GPs) and $322,200 for specialists (Figure 1). Average annual net income was $183,340 for owner GPs and $134,020 for non-owner GPs (not shown in Figure 1). When adjusted for inflation, average incomes have decreased significantly for all GPs combined since the peak value of $219,378, which occurred in 2005 and has decreased steadily since 2009, the end of the Great Recession. The decrease from 2013 to 2014 is statistically significant. Net incomes increased for specialists from 2013 to 2014 but are still significantly down from 2007.

It is clear from our analysis that dentists' average net incomes are not recovering with the rebound in the U.S. economy.

The percentage of dentists self-described as "not busy enough" decreased from 36 percent (2013) to 34 percent (2014) for GPs, but this change was not statistically significant. Among specialists, the decrease in the percentage of dentists "not busy enough" from 37 percent (2013) to 31 percent (2014) is statistically significant (Figure 2). Among GPs, 40 percent of solo practitioners (a single owner dentist in the practice) indicated they were not busy enough compared to 18 percent of non-owner GPs (Figure 3).

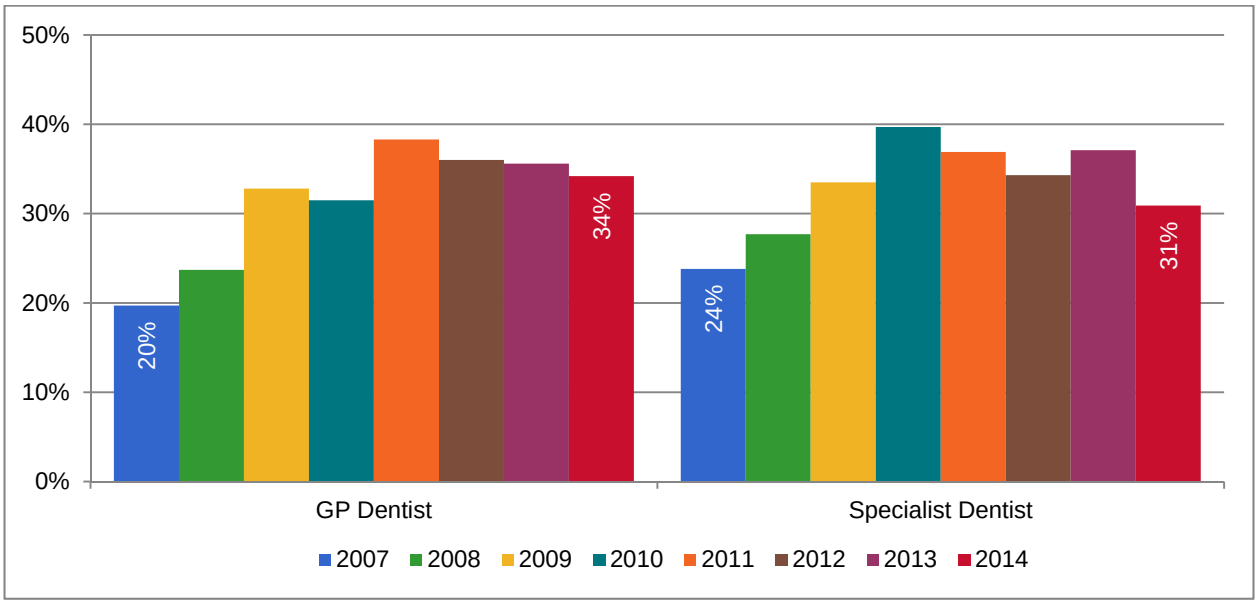
Average wait times appear to have made a slight turnaround since 2012. The average wait time for a GP appointment decreased from 9.6 days (2001) to 4.5 days (2012) and then increased to 5.0 days in 2014 for a patient of record. The increase from 2012 to 2014 is statistically significant. For a new patient, the average wait time decreased from 10.8 days in 2001 to 5.3 days in 2012 and then increased to 6.2 days in 2014. Again, the increase from 2012 to 2014 is statistically significant (Figure 4). These data suggest strongly that significant unused capacity remains in the dental care system.

Figure 1: Dentist Earnings, GDP Per Capita, Mean U.S. Household Income, 1981 to 2014 (2014 dollars)



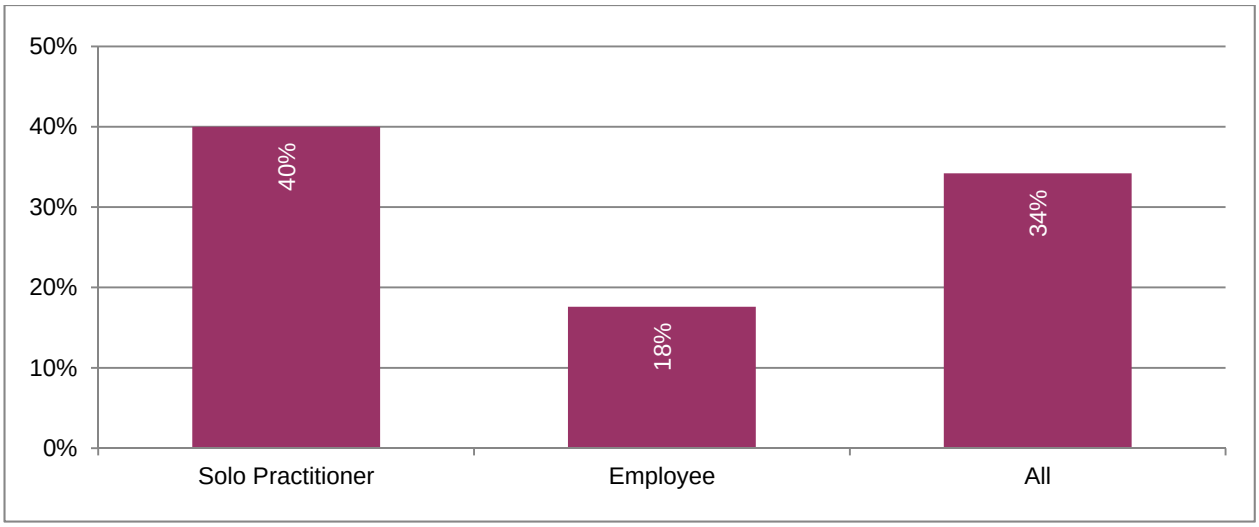
Source: ADA Health Policy Institute; Bureau of Economic Analysis; U.S. Census Bureau, Current Population Survey. **Note:** Dentist net income data are based on the ADA Health Policy Institute annual *Survey of Dental Practice* with years 2000-2014 weighted to adjust for nonresponse bias. Shaded areas denote recession years according to NBER. GDP is deflated using the GDP deflator. Dentist earnings and U.S. household income are deflated using the All-Item CPI. All values are in constant 2014 dollars.

Figure 2: Percentage of Dentists "Not Busy Enough"



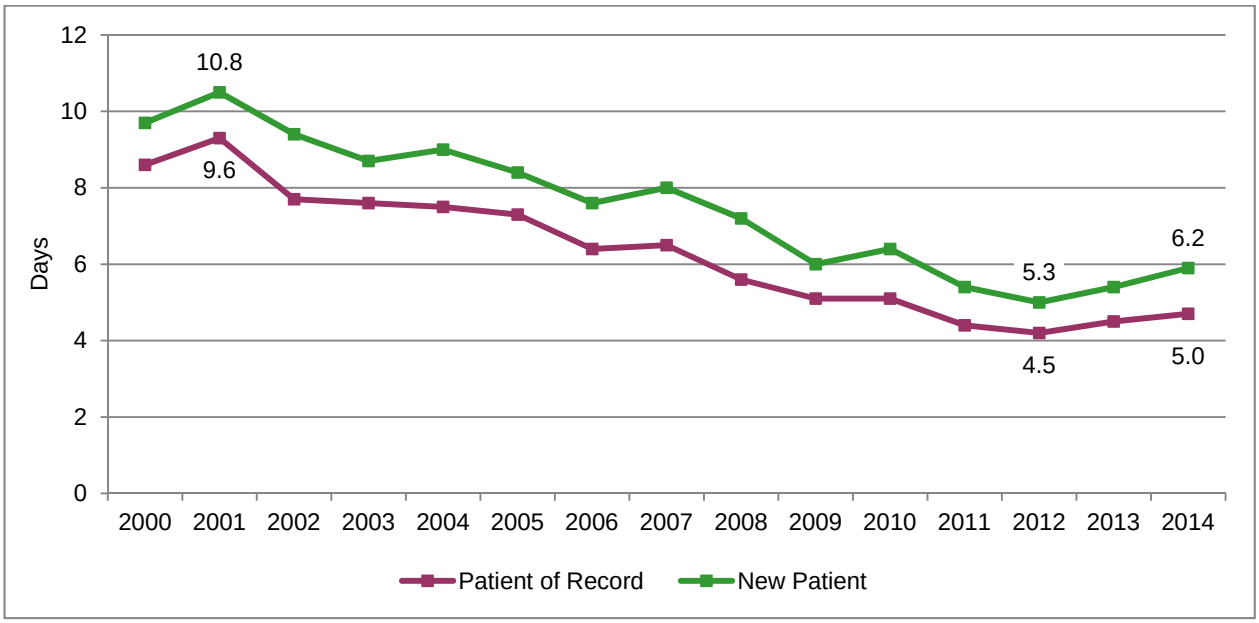
Source: ADA Health Policy Institute annual *Survey of Dental Practice*. **Note:** Indicates the percentage of dentists reporting they are "not busy enough, could have treated more patients." Weighted to adjust for nonresponse bias.

Figure 3: Percentage of General Practitioner Dentists "Not Busy Enough," 2014



Source: ADA Health Policy Institute annual *Survey of Dental Practice*. **Note:** Indicates the percentage of dentists reporting they are "not busy enough, could have treated more patients." Solo practitioner is a dentist working as the sole dentist in a practice. Employee is a non-owner dentist compensated on a salary, commission, percentage or associate basis. Weighted to adjust for nonresponse bias.

Figure 4: Average Wait Time for General Practitioner Dentist Appointment



Source: ADA Health Policy Institute annual *Survey of Dental Practice*. **Note:** Indicates the average wait time in days for an appointment with a general practitioner dentist. Weighted to adjust for nonresponse bias.

Discussion

With five full years of post-Great Recession data, dentist earnings are clearly not recovering. As previous research has shown,[6] dentist earnings in the period since the early 2000s have been affected significantly by the demand for dental care and aggregate dental spending. The supply of dentists also has an influence on dentist earnings, as basic principles of economics would predict. In fact, recent years have seen a stagnation of dental spending, an increase in the number of dentists and, as a result, stagnant dentist earnings.[7]

However, our analysis suggests that we could be seeing a turnaround, or at least a bottoming out, of the multi-year trend of reduced busyness. Appointment wait times have increased the past two years after many years of declines, and the percentage of dentists reporting they are not busy enough seems to have plateaued and even declined slightly.

Looking forward, there is significant uncertainty in the general health care environment as well as the economic conditions within the dental sector. A recent analysis[8] shows that if current dental care utilization trends continue – and the most recent data show they are indeed continuing[9] – dental spending in the U.S. will not return to the historically high, pre-Great Recession growth levels. While the impact of the Affordable Care Act remains uncertain at this stage, any effect on demand for dental care is likely to be most pronounced among Medicaid adults.[10] The impact on dentist net incomes from this potential influx of Medicaid patients is unclear.

On the supply side, new research shows that the supply of dentists is expected to increase in the coming years.[11] If the dental sector is indeed entering an era of flattening total dental spending and an increasing

supply of dentists, this will have important implications for the bottom line of dental practices.

The ADA Health Policy Institute will continue to study the dental economy in the coming years.

This Research Brief was published by the American Dental Association's Health Policy Institute.

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