

## Research Brief

# Dentist Earnings Were Stable in 2015

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## Key Messages

- *General practitioner and specialist dentists' average earnings did not change significantly in 2015.*
- *Dentists were slightly busier in 2015 but there is still significant unused capacity in the dental care system.*
- *Looking forward, 2016 data are likely to provide a better sense of whether the dental care economy is turning around or whether a "new normal" is entrenched.*

## 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.<sup>1,2</sup> One of these factors is a steady decrease and stagnation in dental care use among adults that began well before the economic downturn of 2007-2009 and has not yet reversed in any major way.<sup>3</sup> Recent analysis shows that a "new normal" may be emerging in terms of dental spending, demand for dental care, and dentist earnings.<sup>4</sup>

In this research brief, we present new data on dentist earnings through 2015. 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.

## Results

Inflation-adjusted GDP per capita has increased each year since 2009, up 8.5 percent in total from 2009 to 2015. 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 5.6 percent. In 2015, average annual net income was \$179,960 for general practitioner dentists (GPs) and \$320,460 for specialists (Figure 1). Average annual net income was \$195,200 for owner GPs and \$132,370 for non-owner GPs (not shown in Figure 1).

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When adjusted for inflation, average net income has decreased significantly for GPs since the 2005 peak value of \$219,638. Since 2005, incomes have decreased eight times and increased twice. The increase from 2014 to 2015 is not statistically significant.

Net incomes for specialists are down from their 2007 peak. The decrease from 2014 to 2015 is not statistically significant.

The percentage of GPs self-described as “not busy enough” decreased from 34 percent (2014) to 27 percent (2015), a statistically significant change. Among specialists, the share of dentists “not busy enough” decreased from 31 percent (2014) to 30 percent (2015), which is not statistically significant (Figure 2). Among GPs, 32 percent of solo practitioners (a single owner dentist in the practice) indicated they were not busy enough compared to 19 percent of non-owner GPs (Figure 3).

Average appointment wait times appear to have made a slight turnaround since 2012. The average wait time for a GP appointment for a patient of record decreased from 9.6 days (2001) to 4.5 days (2012) and then increased to 5.3 days by 2015. The increase from 2012 to 2015 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 6.4 days by 2015. Again, the increase from 2012 to 2015 is statistically significant (Figure 4).

Compared to 2014, patient volume was reported to be up in 2015 for 33 percent of GPs and 40 percent of specialists. Patient volume was reported to be down for 25 percent of GPs and specialists. This is the first year in which these data have been collected (Figure 5).

## Discussion

With six full years of post-Great Recession data, it is safe to say that dentist earnings are not bouncing back. Dentist earnings did not change in a statistically significant way between 2014 and 2015 and remain flat. As previous research has shown,<sup>5</sup> dentist earnings in the period since the early 2000s have been affected significantly by the demand for dental care and aggregate dental spending. Additionally, payment rates to dentists through private dental plans have declined over a ten-year period.<sup>6</sup> The supply of dentists also impacts dentist earnings, as basic principles of economics would predict. The recent increase in the supply of dentists has likely also contributed to stagnating earnings.<sup>7</sup>

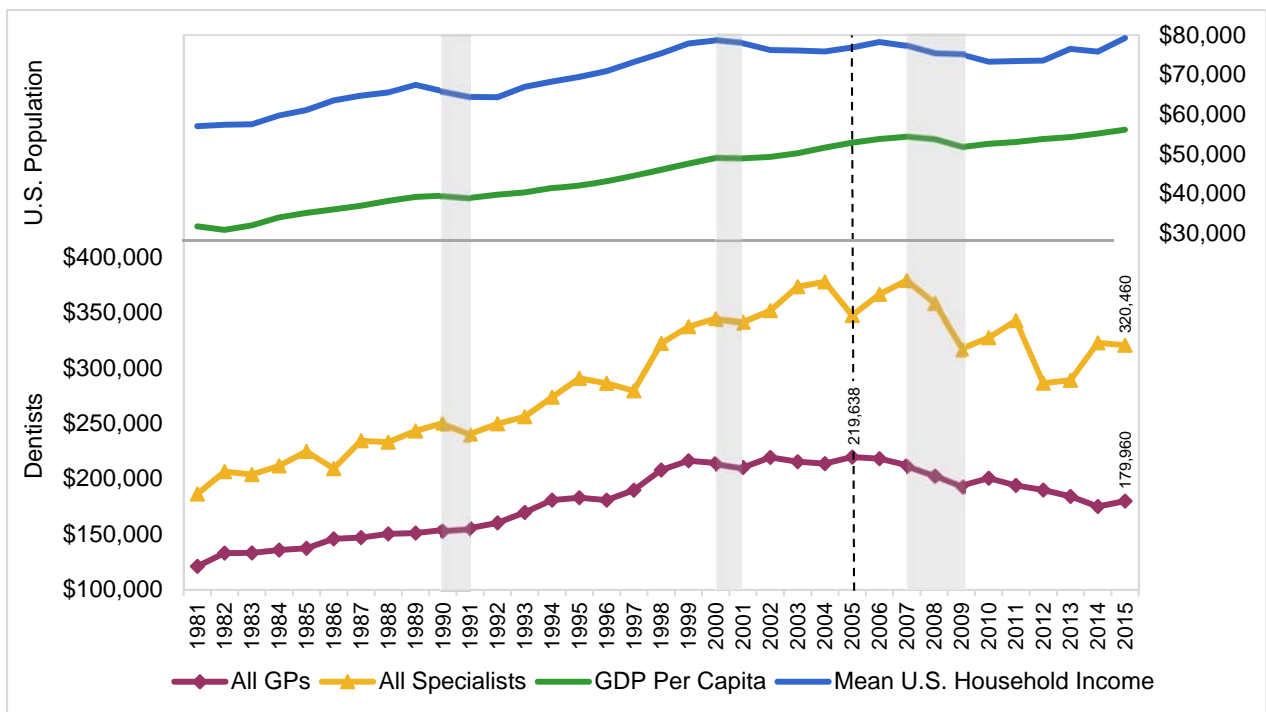
However, our analysis also suggests that we could be seeing a turnaround, or at least a bottoming out, of the multi-year trend of reduced busyness. Appointment wait times have increased the past three years after many years of decline. The percentage of dentists reporting they are not busy enough has declined. Dentists are more likely to report that, compared to a year ago, patient volume is up rather than down.

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<sup>8</sup> shows that if current dental care utilization trends continue – and the most recent data show they are indeed continuing<sup>9</sup> – dental spending in the U.S. will not return to the historically high, pre-Great Recession growth levels. While the direction of health care reform in the U.S. is incredibly uncertain, much of the proposed reforms to the Affordable Care Act are likely to decrease demand for dental care.<sup>10</sup> 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.<sup>11</sup> 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

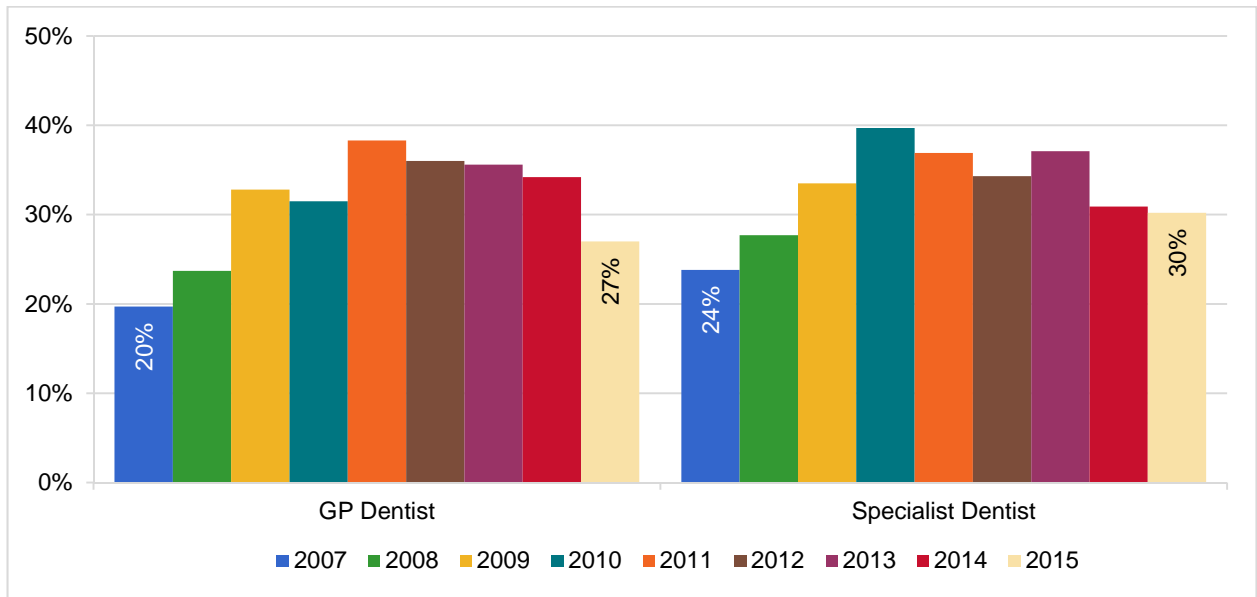
for the bottom line of dental practices. The ADA Health Policy Institute will continue to study the dental economy in the coming years.

**Figure 1:** Dentist Earnings, GDP Per Capita, Mean U.S. Household Income, 1981 to 2015 (2015 dollars)



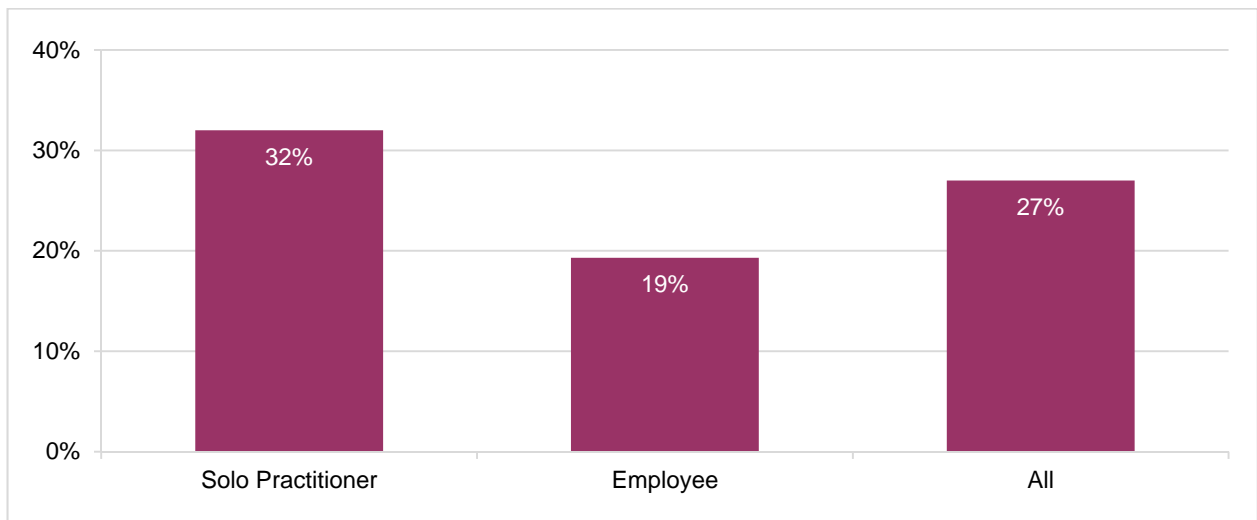
**Source:** ADA Health Policy Institute; Bureau of Economic Analysis; U.S. Census Bureau, Current Population Survey. **Note:** Dentist net income data are based on the ADA Health Policy Institute annual *Survey of Dental Practice* with years 2000-2015 weighted to adjust for nonresponse bias. Shaded areas denote recession years, according to National Bureau of Economic Research. 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 2015 dollars.

**Figure 2:** Percentage of Dentists “Not Busy Enough”



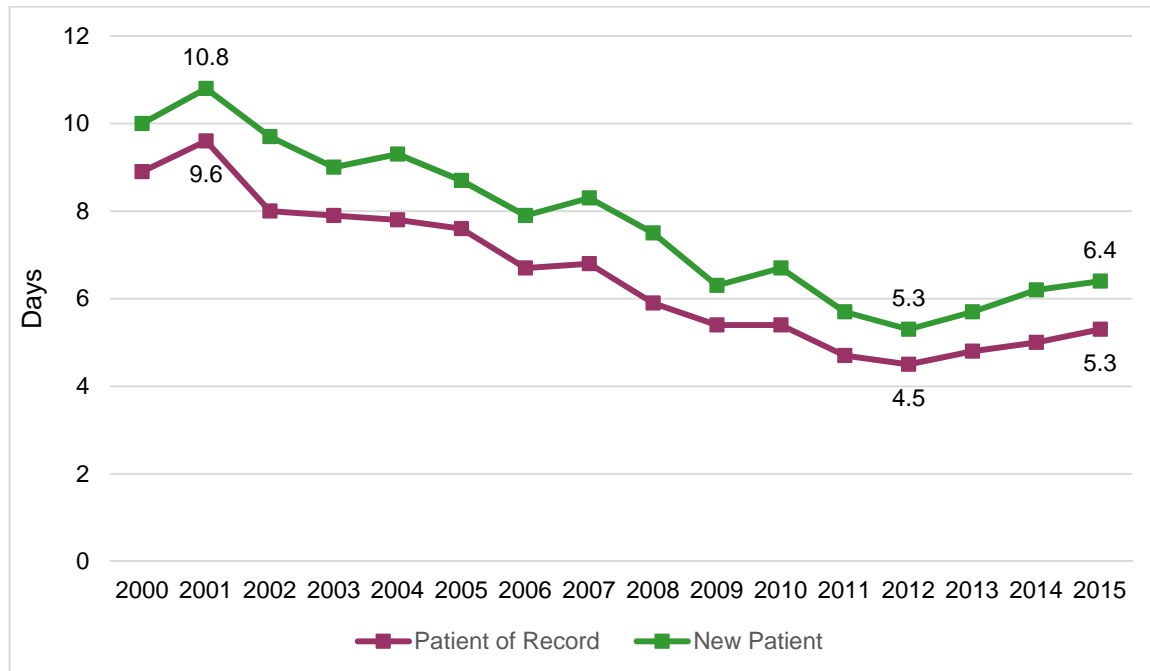
**Source:** ADA Health Policy Institute annual *Survey of Dental Practice*. **Note:** Indicates the percentage of dentists reporting they are “not busy enough, could have treated more patients.” Weighted to adjust for nonresponse bias.

**Figure 3:** Percentage of General Practitioner Dentists “Not Busy Enough,” 2015



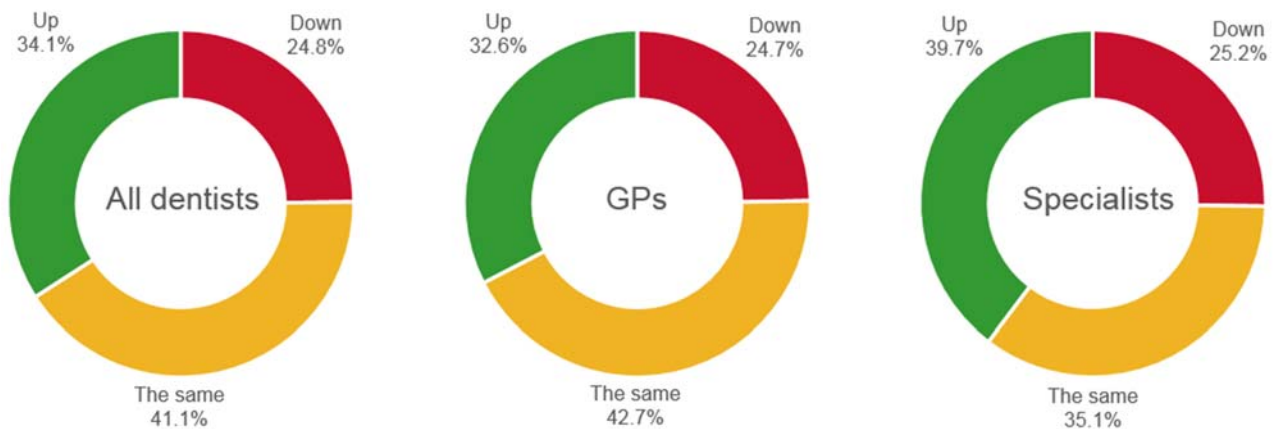
**Source:** ADA Health Policy Institute annual *Survey of Dental Practice*. **Note:** Indicates the percentage of dentists reporting they are “not busy enough, could have treated more patients.” Solo practitioner is a dentist working as the sole dentist in a practice. Employee is a non-owner dentist 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.

**Figure 5:** Patient Volume Compared to Last Year



**Source:** ADA Health Policy Institute annual *Survey of Dental Practice*. **Note:** Weighted to adjust for nonresponse bias.

## 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, 90.4 percent of active dentists in the United States are in private practice.<sup>12</sup> Response rates to the Survey of Dental Practice from 1982 to 2015, our period of focus, varied from 9 to 50 percent. The most recent year for which data are available is 2015 and the response rate was 9.8 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.

A new survey question this year asked dentists, "Compared to this time last year, is your patient volume up, the same, or down?"

We compared the trends 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 2015 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. Because 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 9.4 was used in this analysis.

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## Suggested Citation

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