PRACTICAL GUIDE SERIES

The ADA Practical Guide to Starting Your Dental Practice

ADA American Dental Association®
America's leading advocate for oral health

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This book has been prepared as a reference for information on starting and operating a dental practice. As such, the information is necessarily general in scope and cannot cover every detail or situation. This information should not be construed as legal advice, a legal standard or Association policy and cannot serve as a substitute for a dentist's own professional judgment or consultation with a personal attorney.

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The ADA Practical Guide to

Starting Your Dental Practice

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Chapter 1:

Career Options for New Dentists

Should you join an existing dental practice as an associate? Should you work for a hospital or corporation as an employee? Should you start your own practice? Should you continue your education in a dental specialty? You face critical decisions regarding how you will enter into dental practice and continue your life's work. Our profession provides a variety of options for the new dentist. This chapter provides a brief outline about these career choices and some factors to consider when deciding which is best for you.

The option you eventually select is based on your particular needs and interests, local market conditions and available resources. This section provides a general overview and is not a comprehensive list.

Dental Career Considerations:

- Most important — personal preference
- Short term goals versus long term goals
- Immediate income needs
- Financial resources available
- Current debt status
- Projected timeframe to establish a profitable practice in a selected market
- Development of a new practice or purchase of an existing practice
- Degree of practice management involvement desired
- The degree of independence desired
- The income curve as an employee: typically higher level at start, probable lower maximum. As an owner: typically lower level at start, probable higher maximum
- Entrepreneurial spirit
- Opportunities available

In summary:

Know yourself
Know your goals
Know the local market
Know your resources

In later chapters, we will address the various aspects of working in private practice — whether as an owner-dentist, a partner in a practice, or as an associate. Of course there are other avenues of practice to consider. A few of these options are outlined below, along with some potential advantages and disadvantages.

An Institutional Health Organization — Hospital, Nursing Home, Assisted Care Facility or other Institution.

Many of these programs are multi-disciplinary in nature, and dentists work with physicians, nurses, therapists and others to provide care.

In addition to interacting with other healthcare professionals on a regular basis, practicing dentistry in a hospital or other healthcare organization offers:

- Immediate income, often including benefits
- No financial risk or capital requirements. As always, risk and reward are linked, so lower financial risks can mean more modest earnings.
- Shared management responsibilities within an institutional setting
- An opportunity to see many types of patients with varying dental needs, providing experiences not found in the traditional dental office.

Federal Service

Almost 5,000 dentists work for the U.S. Public Health Service, the Department of Veterans' Affairs or the U.S. Military. The U.S. Public Health Service is a commissioned corps of uniformed dental officers, serving in the Indian Health Service, U.S. Coast Guard, Federal Bureau of Prisons and the National Health Service Corps. The Department of Veterans' Affairs serves the healthcare needs of military veterans. Military dentists may serve in the U.S. or overseas, contributing to the readiness of military personnel.

Our profession provides a variety of options for the new dentist.

A majority of dental school faculty enjoy the best of both worlds.

Practicing as a federal dentist offers:

- Salaried positions and excellent benefits, including paid vacations, leave with pay, CE, sick time and insurance. Signing bonuses and/or loan repayment programs may be available.
- No financial risk or capital requirements.
- Dentists may serve for a fairly short period of time or make an entire career in the federal services.
- Both clinical and non-clinical activity, including increased management responsibility and non-clinical duties related to the federal career.
- Exceptional continuing education — Military branches offer opportunities to complete a general practice residency or specialty training as part of their military service.
- The possibility of frequent relocations and the opportunity to serve one's country.

Local or State Government

At the local government level, dentists may work for a county public health department to provide care to low income and at-risk communities. Dentists employed at the state level often have fewer clinical responsibilities and instead focus on the administrative end of public health services.

At the state level, dentists may find themselves collecting and analyzing data about the oral health of the state's residents and making recommendations about the allocation of resources.

Dentists who work for governments at the local or state level experience many of the same pleasures and challenges as dentists who work in a traditional employment environment, such as within a healthcare institution. Additionally, changes in the political or legislative environment can impact these positions. If the policy side of dentistry interests you, consider the local government option.

Dental Education

A majority of dental school faculty enjoy the best of both worlds. In addition to researching, teaching, and mentoring the next generation of dentists, many faculty members continue to see patients in a clinical setting.

Dentists working in an academic setting earn competitive salaries and have many of the same experiences as dentists in other employment situations. A few things make working in education unique.

- Dental school faculty often receive exceptional benefits, including paid vacation, paid sick time, health insurance, retirement plans, life insurance, malpractice insurance, continuing education, and disability insurance.
- Faculty members may be expected to produce scholarly articles and/or research results that are subsequently published in academic journals and peer-reviewed publications. Dental schools differ in this regard, with some institutions more focused on research and publishing than others.
- Dental school faculty members are committed to not just the practice of dentistry but also the future of dentistry. Dental education is the foundation of the knowledge, science, critical thinking and ethical principles that are necessary for the continued well-being of the profession.

Research

Researchers work in a number of settings, including industry, universities, the government, and institutes, such as the ADA Foundation's Paffenbarger Research Center.

Regarding questions of salary, benefits, and other characteristics of the job, research positions vary widely, and those considerations are a function of the environment where the research position is located. For instance, the salary and benefits for a research job in the Federal Government may have more in common with other jobs in the Federal Government, than with the salary and benefits of a research job in academia.

Chapter 2:

Choosing a Type of Private Practice

Should you choose a solo, associate, or group practice? While the choice is yours, it is wise to consult with dental societies, suppliers, accountants, lawyers and management consulting firms for additional information about the variety of practice arrangements.

Solo Practice

Historically, the majority of dentists preferred to be their own boss. A solo practice offers the following advantages, which appeal to many practitioners.

The solo practitioner is independent and has complete autonomy in making decisions and in setting practice policy. The potential for financial reward and the freedom to use equipment, methods and personnel of personal choice are some of the advantages of this mode of practice.

Finally, as a solo practitioner, you can design and manage an office suited to your needs and desires. For some dentists, these benefits are outweighed by the responsibilities of solo practice.

The dentist who practices alone has sole responsibility for all decisions and must make a larger financial investment. The solo practitioner also faces greater financial risk and a slower economic start. Lack of emergency coverage, increased difficulty in scheduling time for vacations and meetings, and lack of immediate professional consultation and advice are other disadvantages attributed to the solo practice.

Becoming an Associate

In the learned professions, the associateship relationship has developed to assist new practitioners in establishing themselves. In medicine, law and dentistry, an associate is a practitioner who agrees to work in a practice for a certain period of time as either an independent contractor or as an employee. This non-owner situation allows a transitional period in the professional and career development process and often leads to practice ownership opportunities.

A dentist who is considering becoming an associate should seriously evaluate the pros and cons of such an arrangement. When determining whether to seek out an associateship form of practice rather than another private practice alternative, it must be recognized that there are numerous types of associateship arrangements. Therefore, the planning and decision-making should be viewed from multiple vantage points.

First, decide if associating, in the generic sense, is an option you wish to pursue. Second, determine the type of associateship arrangement that is preferable or acceptable. Before exploring associateship opportunities, take time to determine your top associateship priorities. Pre-planning will save time and help you more accurately evaluate and compare associate opportunities.

Start the planning and decision-making process well in advance of the intended associateship start date. It is not uncommon for the planning phase to take up to a year before the associateship actually begins.

Starting the search for an associateship early — no later than the beginning of senior year — allows the prospective associate to consider multiple potential positions, evaluate location, compensation, the patient base and patient allocation, the dental team, opportunities for practice ownership in the future, as well as the overall practice culture. Clarity around what you are looking for as an associate and the owner dentist's expectations will go a long way to ensuring a successful associateship.

Advantages and Disadvantages

For the associate dentist, becoming part of an established practice means no initial financial investment and, in some cases, the potential for a possible ownership arrangement in the future. In addition, the arrangement offers an opportunity to learn from an experienced clinician in a setting with more regular hours than those of a solo practice.

Historically, the majority of dentists preferred to be their own boss.

Are you looking for a period of transition from the academic environment to the responsibilities of managing a private practice?

Not everyone is suited for an associate position, however, and the following disadvantages are sometimes cited: other practice situations may offer higher income; the potential for personality conflicts within the practice staff; the necessity to practice according to policies with which you may not agree; lack of control over allied dental personnel; and loss of individuality within the practice.

If the idea of associating with an established practice is appealing, the following questions will help you make your decision:

1. Are you looking for a period of transition from the academic environment to the responsibilities of managing a private practice?
2. Do you want to practice without committing yourself to a particular setting or locale while you review and refine your career goals?
3. Do you want further technical and practice management experience in a clinical, rather than educational, setting?
4. Is it important that you quickly establish a good professional reputation? (You can capitalize on the goodwill effects of associating with a well-regarded practitioner.)
5. Do you want to begin practicing and earning income immediately, even though you do not have the financial resources required to establish your own private practice?
6. Do you want the option of buying into an established practice rather than undertaking the economic and psychological stresses of establishing a new practice?
7. Do you want some time to get to know the community, its people and its dental needs before making a permanent commitment to the locale?
8. Do you want to practice in an area where it may not be practical to establish a solo practice?
9. Do you want the camaraderie and professional consultation opportunities that come with working with others?

If your answers to these questions are positive, an associate position may work well for you. Answer the following questions, as well — the associateship position is not without drawbacks.

1. Will being an associate benefit your career?
2. Are you open enough to seriously consider the senior dentist's suggestions? (Or do you tend to automatically negate advice in asserting your independence?)
3. Emotionally, can you defer ultimate authority over practice management decisions to the hiring dentist? (The associate is responsible for operating in a manner compatible with the practice philosophy.)
4. Will you be willing to consult with the hiring dentist on complicated procedures until your experience or postgraduate training justify additional responsibility?
5. Would you be willing to provide the support and make the compromises necessary for a successful working relationship, in other words, truly become a member of the team?
6. Would you be satisfied with your financial compensation and responsibilities? (Remember to consider the overhead costs involved in running the practice.)

If you answered "no" to more than one item above, you may be uncomfortable in an associate position and may wish to consider other options.

In determining whether to establish a sole practice or join an established practice, it is important to consider both the financial and the legal implications of both alternatives. Seeking competent professional advice will be important in best understanding both implications.

Locating Associateship Opportunities

If you feel an associateship would be compatible with your needs, goals and personality, you need to locate potential opportunities. Graduating dental students should begin this search by the start of their senior year. Do not make a decision after investigating and interviewing only one possibility. Meet with various dentists and carefully compare what each practice has to offer. Remember, the situation you choose is where you'll be working daily. Take advantage of all available resources to find compatible situations and people.

Sources

Word of mouth is one of the most credible vehicles for finding a prospective match. Let your professors, your classmates and your other contacts in dentistry know you're looking. In addition, many of the following resources can be found online:

- state and local dental societies in your preferred area (www.ada.org)
- dental Web sites and placement services in the dental schools
- dental school faculty
- hospital-based dental programs
- practice management consultants and brokers
- dental supply companies and dentists in your community of choice
- the American Student Dental Association Career Board (www.asdanet.org)
- the classified advertising sections of dental publications (Search for *Journal of the American Dental Association* at ada.org)

Advertising for a Placement

Your advertisements, particularly those posted online, should be as detailed, specific and straightforward as possible. The more information you can provide about your career goals and interests, the more likely you will find an office that comes close to matching your requirements.

Your advertisement will be more effective if you avoid generalizations or overstatements such as "graduated from the best dental school" or "gifted with excellent clinical skills." Instead, state specifically where you studied and outline your professional experience. Include your location requirements, specialty skills, as well as areas of strength and interest in partnership/ownership possibilities.

After you've investigated your sources and received responses from your advertisements, compile a list of possible opportunities. Your next task in the screening process is to find the person with whom you can establish a solid, successful working relationship.

The Final Package

Check with the local dental society, the classified advertising sections of area or regional dental journals, and with other practitioners in the area for insight in negotiating salary, fringe benefits and the associate's legal status.

Formalizing an associate relationship generally entails a legal contractual agreement that includes, among other things, the duration, financial terms and basis to terminate the associateship. For the protection of all parties, use legal consultation and advice to develop and finalize such an agreement. Sixty-three percent of non-owner new dentists have some type of associate/employee agreement, according to the ADA Survey Center *2002 Survey of New Dentist Financial Issues*. Sample employment agreements can be found in the publication, *Practice Options: A Guide for the New Dentist and Associateships: A Guide for Owners and Prospective Associates,* from **adacatalog.org.**

Among the issues that are typically be addressed in a contract are:

- length of the contract
- use of facilities (rights and privileges, time and extent)
- compensation (terms of payment, possible offsets)
- expenses (who pays office expenses)

Remember, the situation you choose is where you'll be working daily.

- management (who has management responsibility, including over staff)
- legal classification (independent contractor or employee)
- patient care (upon termination, who will treat patients so that they are not abandoned; who will take over financial arrangements; who will be able to contact patients and on what terms, etc.)
- options (buy-in options, right of first refusal, non-compete or restrictive covenant clause)

Who has control over management decisions, such as when and how things get done?

The exact legal status of the associate in the practice, that is, whether the associate is an independent contractor or an employee is of paramount concern to your agreement.

Federal and state revenue authorities favor the withholding of employment taxes, so if an independent contractor relationship is contemplated, the hiring dentist must make certain that the relationship satisfies the requirements of the Internal Revenue Service and appropriate state agencies. Since these agencies will look at the actual facts of the situation, not simply how the parties refer to themselves in the agreement, legal counsel is necessary in developing the relationship as well as in drafting the associateship agreement.

Associateship Arrangements

There are various forms of associateship arrangements. While significant legal and practical differences do exist among these forms, the common aspect of such arrangements is that the dentist who is deemed the associate has no ownership or equity interest in the practice. The type of associateship best suited to you is really a function of understanding the different types, determining which is best suited to the practice, your values, need for independence and philosophy of practice.

One of the most important issues that differentiate one type of associateship from another is control. Who has control over management decisions, such as when and how things get done? The degree of control and independence fall into three categories: behavioral control, financial control, and the type of relationship between the parties involved. This issue of control is not only important from the standpoint of how day-to-day management of the practice is handled, but it also has significant tax and financial implications.

Associate as Employee

The associate-employee is a dentist hired by a practice-owner or the practice entity, depending on whether the practice is incorporated. Several factors may be used to distinguish the employee relationship. Generally, a worker such as an associate is classified as an employee when the employer (in this case, the hiring dentist) has the "right to control" the way in which the worker's services are performed.

The typical associateship agreement is one of employer and employee. The employee must abide by the employing dentist's practice policies and philosophies, fees, scheduling, and payment and collection policies. In the vast majority of cases, associates are likely to be classified as employees for IRS purposes, as well. The owner often assigns patients to the employee to help establish a patient base and to involve the employee in various aspects of diagnosis and treatment planning. As an employee, the associate typically has no ownership rights to patient records, at least at the onset of the agreement.

The employer is often responsible for maintaining all equipment, except for the associate's personal instruments, and has final authority in such matters as working hours and vacation periods. The owner may provide such benefits as payment of the associate's malpractice insurance, professional dues, health insurance or disability premiums.

Associate as Independent Contractor

In contrast to an employee, an independent contractor dentist is considered to be a self-employed professional. One often held view is that an independent contractor can be defined as an independent business person, who contracts to do certain work according to his or her own methods, without being subject to the control of the hiring party, except as to the product

or result of the work. If the associate is a self-employed individual, that may mean that the employer only prescribes what shall be done, not how or when it shall be done. Simply performing work to the satisfaction of the employer does not make the doctor contracting to do the work an employee. On the financial side, typically an independent contractor will have no employer-provided benefits. There are no contributions to retirement plans for the associate by the practice owner and unemployment and social security taxes are the responsibility of the associate.

The independent contractor as a self-employed person working under a contractual arrangement generally compensates the practice owner under any number of formulas or on a flat rate basis for the use of the facilities. Depending on the contractual relationship, an independent contractor would generally exercise rights to independent employment by establishing personal work routines, hours and fees, appointment book control and complete treatment planning. Additionally, the independent contractor might hire clinical employees and provide supplies. Of course, these terms are negotiable between the parties and should be clearly defined at the onset.

The independent nature of this relationship carries greater financial and management responsibilities for the associate. For example, the independent contractor will likely have no employee benefits from the practice owner. Further, the associate will usually have responsibility for providing his or her own professional liability and malpractice insurance and for arranging alternative treatment of patients in the event of absence or illness of the associate.

If the parties decide that an independent contractor classification is appropriate, one issue in particular should not be overlooked: Who will retain the patient records on termination of the relationship? If there is no contractual provision spelling this out, the potential for a dispute on this point exists.

Other contractual provisions applicable upon termination of the agreement that the parties should discuss include: where patient records are to be housed and how long they will be maintained for availability in the event of malpractice litigation; what provisions exist for access to these records; permission to make duplicates of the patient records; and any provisions for or against solicitation of patients by the associate for future treatment.

The associate should consider securing the right to photocopy the specific records of patients personally treated in order to have the basis for effective malpractice suit defense. Likewise, if it is agreed that the independent contractor associate retains the records, the practice owner should consider having the right to retain a copy of the patient records, or at least have access to the records at any time in the future for malpractice suit defense.

It is vital that the independent contractor relationship be properly structured to lessen the possibility of an IRS or state revenue agency challenge to the classification of the associate doctor. The IRS looks closely at independent contractor arrangements with a view to reclassifying them as employer-employee relationships for tax purposes. If the IRS is successful in such a challenge, the practice owner can have a substantial liability for unpaid withholding taxes, penalties and interest. In addition, dentist/employers must comply with state laws on employment taxes and employment insurance contributions.

To avoid or lessen the chance of a challenge to the independent contractor status of an associate, appropriate legal guidance should be sought. There is no substitute for retaining the services of a lawyer experienced in such matters if an associate-independent contractor form of arrangement is contemplated.

As mentioned previously, one of the most important considerations regarding independent contractors is the issue of control of the worker. In a properly structured relationship, the owner must be very careful not to control either the means of the associate's work or the results of the associate's efforts.

Who will retain the patient records on termination of the relationship?

If the owner, for example, wants to control which patients are seen, the nature of the treatment planning, what procedures are performed, and provides all instruments and equipment, even an initial glance at this arrangement would suggest that the associate is acting similar to an employee rather than as an independent contractor.

The status of employee or independent contractor has historically been arrived at by applying "common law" rules for determining whether there is an employer-employee relationship present. One of those factors is whether the worker is subject to the control or right to control of the owner. However, other factors may, on balance, mitigate this determination.

The important point is that the arrangements must be structured and carried out properly in order to reflect the intentions of the parties and to comply with the law.

Independent Contractor Arrangements

Time-sharing and solo group arrangements are other less common forms of associateship that would typically be classified as an independent contractor arrangement. The time-sharing concept simply has one dentist renting time, space and equipment in an existing office from another dentist. Each dentist maintains a separate practice and their primary relationship to each other is in the physical space.

A solo group is one in which solo practitioners, each with their own practice, share facility overhead, certain personnel and occasionally supplies or marketing expenses. Typical examples might be two general dentists or an endodontist and a periodontist in a solo group. In a time-sharing arrangement, it is very important that the agreement is clearly spelled out, since the potential exists for problems with shared space and equipment. Equipment purchase and maintenance and shared supplies are good examples of issues that warrant full discussion.

A solo group is one in which solo practitioners, each with their own practice, share facility overhead, certain personnel and occasionally supplies or marketing expenses.

Checklist A: Potential Indicators of Employee Status — Hiring Dentist or Dental Practice Entity:

- ☐ furnishes supplies
- ☐ dictates hours of work and work schedule
- ☐ furnishes instruments, equipment and/or office support
- ☐ repairs instruments and equipment
- ☐ imposes safety precautions
- ☐ formulates patient care guidelines and specifications for dental care performed
- ☐ determines and requires adherence to practice patient care management and methods
- ☐ observes patient treatment methods
- ☐ interprets patient care plans and treatment
- ☐ has the right to alter patient care plans and treatment
- ☐ prohibits hired dentist from working for others, and/or hired dentist provides services on substantially full-time basis
- ☐ assumes liability stemming from worker dentist's performance (through insurance or otherwise)

Please note: State law defining various independent contractor relationships may need to be consulted.

In a solo group arrangement, a written contract can identify specific rights, duties and obligations. For example, if management responsibility for the facility or certain shared staff is part of the arrangement, the details should be clearly discussed and noted in a written contract.

Furthermore, the timing and method for performance reviews and merit salary increases for shared employees, if any, are critical in nurturing good employer/employee relations and for enhancing the solo group arrangement between the dentists. However, shared staff issues demand caution. Dentists are specifically cautioned to check with legal counsel regarding potential legal pitfalls of inappropriately providing benefits to all employees of a doctor's practice under federal legislation referred to as ERISA. These and many other concerns can be fully discussed, agreed to, and put into a written agreement before a dentist enters a solo-group associate arrangement.

The checklist shown above for indicators of independent contractor and employee status may be helpful tools in thinking about this issue. The rights, duties and responsibilities of an associate vary considerably depending on whether the associate is an employee or an independent contractor. One way to highlight the differences is to compare the status of the associate in both classifications. It should be noted that a given relationship may be viewed as an employee for certain purposes and an independent contractor for other, in part because definitions may vary under different laws, such as taxation, workers' compensation, malpractice, etc. Crafting the agreement to facilitate the informed intent of the parties regarding how they wish to address issues is important.

Although the vast majority of associates are employees, it is important for prospective associates and practice owners to look at the pros and cons of having the associate be an

A written contract can identify specific rights, duties and obligations.

Checklist B: Potential Indicators of Independent Contractor Status

- ☐ Hiring dentist or dental practice entity lacks control over manner of performance of dentist contractor's work
- ☐ Hiring dentist or dental practice entity lacks authority to supervise performance of dentist contractor's work
- ☐ Worker dentist controls premises (or authority could be shared with the hiring party)
- ☐ Worker controls hours of work and work scheduled
- ☐ Worker dentist is compensated without reference to time engaged in work
- ☐ Absence of insurance carried by hiring dentist or dental practice entity for worker dentist (unemployment and worker's compensation, liability insurance)
- ☐ Worker dentist has authority to delegate work to another
- ☐ Hiring dentist or dental practice entity lacks authority to terminate contract unilaterally without cause
- ☐ Worker dentist has ownership of practice
- ☐ Worker dentist possesses special professional skills
- ☐ Worker dentist furnishes own instruments and equipment (or leases them from hiring party)
- ☐ Worker dentist controls his or her own employees
- ☐ Worker dentist covers or shares expense of employee's compensation
- ☐ Worker dentist is obligated to reimburse dentist or dental practice entity for losses or damages

independent contractor or an employee. In this regard, a dentist should obtain advice from an accountant and lawyer before cementing the relationship in a written agreement.

Here are some additional resources to help you work through the "Independent Contractor or Employee" issue:

- The IRS Web site explains how the IRS determines whether someone is an employee or independent contractor **www.irs.gov**
- For a discussion of the IRS factors, see **www.business.gov** and type in independent contractor v employee in search engine
- Small Business Administration's Web site, **www.sba.gov**

Developing a successful associateship relationship requires careful thought and planning on the part of both the hiring dentist and the prospective associate.

In Summary

Developing a successful associateship relationship requires careful thought and planning on the part of both the hiring dentist and the prospective associate. Further in-depth information on this topic is available in the newest edition of *Associateships: A Guide for Owners and Prospective Associates.* The edition has been extensively updated to reflect recent changes in tax laws, specifically IRS attention to reviewing independent contractor status in small businesses. This publication is available at adacatalog.org or by calling 312.440.2500.

In addition, a variety of resources on associateships, including a free Infopak, is available through ada.org. Simply visit the site and type "associateships" into the search function.

Chapter 3:

Selecting a Location

Finding The Right Community

The choice of a location for your practice is one of the most important decisions you will make. Like many dentists, you may decide to practice in an area near your family or school. Or, you may move to a place that is new to you. In either case, you will want to evaluate the community's ability to meet your needs before you make your final decision.

Economic Potential

In considering a community's economic potential, you really are attempting to answer just one question: "Does this community need another dentist?" Begin by determining the community's dentist-population ratio. The ADA publication *Distribution of Dentists in the U.S.* is available in a free download to ADA members through **ADA.org.**

In addition to the dentist-population ratio, investigate other factors. appraise not only the demand for dental care, but also how the demand presently is being fulfilled. For example: What are the ages of established dentists in the community? If some will retire soon, the ratio will change. Do the dentists all practice full time? Part-time practices decrease the ratio of available dentists to patients. New dentists in the area who are not yet working to full capacity will also affect the ratio.

Per capita income and per capita retail sales will indicate the propensity of the area's consumers to spend money. These figures, provided in Federal Reserve Bank economic statistics reports and Bureau of Labor Statistics abstracts, generally are available online. The local Chamber of Commerce also may be able to provide such information at no cost.

Stability and growth of the community also will be important to your dental practice. Investigate population trends. Note the number of apartment buildings and vacancy rates, as well as the price range of houses. The higher the cost of homes, generally the more stable the community. Check on local industry, unemployment rates and the prevalence of dental insurance. In a one-company town, the business community can be hurt greatly by a strike, move or company closure.

Finally, consider possibilities for supplementing your income. New dental practices often take time to become self-sufficient, so you may wish to live in an area providing opportunities for such employment as teaching or serving as a consultant for an insurance company.

If the thought of all of this research seems staggering, you might consider the *State and County Demographic Report* available from the ADA's. These reports are custom-produced by county and include such data as per capita income, number of dentists, population profiles and five-year population projections. Order at **www.adacatalog.org** or call 312.440.2500.

Professional Desirability

Professional desirability is a third major consideration in choosing a location for your practice.

- Are you licensed in the state? If not, can you obtain a license in the state?
- Would this community accept the type of dentistry you wish to practice? This goes beyond the obvious, such as a pediatric dentist setting up a practice in a retirement community. Rather, you must evaluate the community's dental I.Q. Do people value health? Do they believe in and support preventive health measures?
- Are qualified office and allied dental personnel available at reasonable salaries? Check employment ads and talk with representatives of the state or local dental society.
    - Is the local dental society active?

In considering a community's economic potential, you really are attempting to answer just one question: "Does this community need another dentist?"

Resources

Numerous resources exist to help you make a wise decision in choosing a practice location.

The local dental society and dental supply houses can provide additional information about the area's economy, possible office locations, practices for sale and professional contacts.

Visit local financial institutions and the local Chamber of Commerce to learn about the community's business outlook.

Talk to general practitioners and specialists in the area. If you don't have personal contacts in the profession, work through the state and local dental societies to set up interviews. These contacts may also be useful when you begin to make and accept referrals.

Your practice isn't going to remain static; your office should have the potential to grow. Keep this in mind when making your site selection.

Selecting and Leasing an Office

Your top priority in selecting an office should be a good location. Situating your practice on a busy, well-traveled street with plenty of parking and access to public transportation is an excellent way to gain maximum exposure quickly.

Another favorable location for a new practice is in a professional medical-dental complex near a hospital. Such a site is convenient for referrals and provides exposure to a health-oriented population. These buildings usually present a positive and professional image that exemplifies contemporary health care. A professional building near a busy shopping center combines the benefits of this type of building with a high traffic location.

An office in a multi-purpose office building may be more economical in terms of rent. However, it may tend to isolate you from the public, as well as from other professionals.

Your practice isn't going to remain static; your office should have the potential to grow. Keep this in mind when making your site selection. (Basic design requirements of a dental office are outlined in a later chapter.)

Signing a Lease

The most important part of your new office is the lease. With lease payments likely to be one of the higher practice expenses, it makes sense to negotiate the most favorable lease that the market will allow. A lease constitutes a legal contract; so you should have the advice of a lawyer before you sign.

For your own peace of mind, be sure that the lease accurately reflects the space to be rented and that the amount of the rent increases and method of payment are stated clearly.

The space should be in good condition; if it is not, note any exceptions in the lease and be sure provisions for repairs are included.

The lease should state who will be responsible for repairs and maintenance, who will pay storm damage, and who will pay for improvements to comply with building and fire codes. It should also outline who pays the utility bills, insurance and any increase in taxes. Don't forget about other business issues, such as parking, signage, environmental and zoning concerns, and use restrictions.

With your attorney try to negotiate reasonable renewal and have sublease options.

Who is responsible for the expenses of installing office equipment and whether you must restore the building to its original condition when you leave are negotiable items.

A practice management consultant familiar with the area or a real estate attorney with experience in the area should be able to review local market conditions with you and recommend equitable lease provisions. Local dentists can also be valuable resources in locating and leasing office space.

Certain leases may be required to comply with a "safe harbor" under the anti-kickback statute ("AKS") and/or an "exception" under the physician self-referral ("Stark") law (see below). Discuss AKS, Stark, and any applicable state laws with your attorney when negotiating a lease of space or equipment.

Anti-kickback statute and Self-referral ("Stark") Laws

The federal anti-kickback statute ("AKS") and physician self-referral ("Stark") laws apply to certain referrals and can affect a variety of business transactions (such as leases, contracts for goods and services, investment in an entity that provides certain health services, and compensation arrangements). It is important to understand and comply with these statutes and their regulations, as well as any applicable state laws, whether or not your practice receives payment from Medicare, Medicaid, or other federal or state health care programs.

Under the federal anti-kickback statute ("AKS"), it can be a felony for anyone to knowingly and willfully pay or receive (or even to offer or solicit) anything of value if even one purpose of the remuneration is to influence the referral of Medicare or Medicaid business (or other federal, and certain other state, health care program business), or to induce or recommend a person or entity to order, purchase, lease, or arrange for any service or item for which a federal (or certain state) health care program may pay. AKS liability may arise from a variety of transactions and arrangements. It is important to make sure that certain transactions fit within one of the numerous AKS "safe harbors." For example, if your practice leases space or equipment from or to a person or entity that makes referrals to your practice, or to whom your practice refers patients, the lease could be found to violate AKS unless it meets the requirements of a safe harbor. Consult your personal attorney about AKS compliance.

Under the federal Stark law, a physician or dentist who has a financial relationship with an entity (or whose family member has a financial relationship with an entity) may not make a referral to that entity for certain health services (referred to as "designated health services," or "DHS") for which payment may be made under Medicare or Medicaid unless one of the Stark "exceptions" applies. The financial relationship can be direct or indirect, and can be an ownership interest or a compensation arrangement (such as a lease or a contract for services). If Stark is violated, the DHS entity may not bill for the service and violators are subject to significant penalties. The Stark "exceptions" often make it possible to structure Stark-compliant transactions (for example, leases of office space or equipment, employment and recruitment arrangements, and in-office ancillary services). However, such transactions must meet the precise requirements of the applicable exception, including details such as signatures on written agreements, or the transaction may be found to violate Stark. Even an inadvertent oversight can lead to liability under Stark. Because the Stark requirements are complex and change frequently, you should consult your personal attorney about compliance.

Even an inadvertent oversight can lead to liability under Stark.

NOTES:

Chapter 4:

Buying a Practice

Where To Go

To begin the process of buying a practice, be sure to consider the following potential sources of information: dental schools, dental societies, professional journals, dental dealers, and practice brokers.

Evaluating the Practice

It goes without saying that you'll want to examine a practice carefully before you buy. In addition to evaluating the location based on the considerations discussed earlier, consider the following factors:

Is the practice active and healthy? Examine financial records for at least the past three years. Project realistic revenues and expenses for the next two years based on those records. Examine the relationship between gross and net practice income.

Is the fee schedule up-to-date? When was the last fee increase? You may lose patients if you suddenly increase fees upon assuming ownership control.

What is the number of active patients, not patients of record? Generally, an active patient is one that has been seen within the past 12-14 months.

How will ownership of records be transferred and patients notified? A personal introduction can facilitate a smooth change of providers for the patients. Will the seller introduce you personally or through correspondence to the patients? You also can facilitate a smooth transition by retaining allied dental personnel and the practice's telephone number.

Fair Market Value

If results of the above evaluation indicate the practice is suited to your needs, you must next negotiate the purchase price. You may wish to retain the services of a professional practice appraiser at this point. According to the Internal Revenue Service (**www.irs.gov**), fair market value is "...the price at which property would change hands between a buyer and a seller, neither having to buy or sell, and both having reasonable knowledge of all necessary facts."

In most cases, the circumstances of the local market for dental practices will have a great influence in the determination of the actual price for a dental practice. The market characteristics often change over time and may vary from locale to locale. In addition to the valuation factors described, it is important to understand the local market in order to develop a reasonable value for a practice. Market conditions may make certain practices less valuable, such as in markets with greater numbers of mature dentists looking to sell than new dentists looking to buy.

Purchase price includes both physical assets (fair market value of dental and office equipment, furniture, supplies and leasehold improvements) and goodwill (value of the practice beyond its tangible assets or the likelihood that patients will remain with the practice). Consult with local dental supply dealers, management consultants and your local attorney to assess the appropriate goodwill value.

When purchasing a practice, the typical buyer expects to be able to meet all practice related expenses, draw some reasonable salary and service the debt to buy the practice from the expected revenue generated by the practice. In addition, you as the buyer should be able to retire the debt incurred to purchase the practice in a reasonable period of time. If a buyer perceives that there is a good probability of accomplishing these things, in light of a specified asking price for the practice, this price could be viewed as fair. If, on the other hand, the buyer cannot see that all of these things can be accomplished, he or she would probably conclude that the price is too high and is not fair.

Calculating Goodwill

"Goodwill" is an accounting term that refers to all the intangible assets that go into the purchase price of a business. Because the goodwill value of a practice is intangible, it is difficult to measure and even more difficult to establish its price for any particular dental practice.

You must consider the desirability of office location, and if you will be able to retain and renew the office lease in the future. Another

Is the fee schedule up-to-date? When was the last fee increase? You may lose patients if you suddenly increase fees upon assuming ownership control.

factor, as noted, is the number of active patients and likelihood of their staying with the practice. You must also evaluate recent or anticipated trends, positive or negative, in productivity, overhead, and overall office profitability. The reputation of the practice will also have an impact on the value of the goodwill.

As you review the practice records, note the rate of new patient visits and determine the practice's usual referral sources. You will need to generate referrals from these same sources and may want to ask the selling dentist to introduce you to referring dentists to maintain goodwill. Significant economic or demographic trends and elements of supply and demand of market competition will also enter into your negotiations of goodwill. Finally, your introduction to patients by the seller will have tremendous impact on patient retention.

Be wary when considering the purchase of a dental practice that has been idle for some time, such as when the practice is being sold by the estate of a deceased dentist. While it may be the least expensive way to acquire equipment and a file of potential patients with whom you can build a successful practice, patients often seek new dentists immediately when they hear their dentist has died.

Your attorney or other advisor should participate in drawing up the formal sale agreement, protecting your interests and explaining what you will sign.

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Finally, be sure you understand the relationship between price, down payment and financing terms. Shop around and compare interest rates as you negotiate financing. You may wish to check the Web site for ADA Business Resources at **www.adabusinessresources.com** for information on practice financing. Again, your attorney or practice advisor should be consulted.

Price

The asking price is the amount the seller initially stipulates he or she wants for the practice. (The asking price may or may not be identical to fair market value.) Sales price is the actual amount paid for the purchase of a practice.

There may be a significant difference between the asking price and the eventual sales price as the result of several factors. First, the asking price may have been established without first performing a practice valuation. It may be that the seller applied an inappropriate rule of thumb for determining asking price or may have based the asking price solely on what he or she perceived is acceptable. In most cases, the circumstances of the local market will have a great influence in the determination of the actual price for a dental practice.

Another reason that the actual sales price may be lower than the asking price is that the circumstances of the dentist who eventually purchases the practice may significantly impact the amount he or she is able and willing to pay for a practice. The price a particular dentist is willing to pay for a practice is dependent on his/her personal financial situation, perceived ability to manage and handle the practice, and the ability to obtain acceptable financing. To a particular buyer, a practice may be worth less than the appraised fair market value or asking price, but to a different buyer, the practice may be worth more than the practice's fair market value. It is important to understand the local market in order to develop a reasonable value for a practice.

Another reason for this difference may be that both sellers and buyers expect that the eventual sales price can be negotiated down from the asking price. Similar to a real estate transaction, this expectation can result in a seller establishing an asking price that is higher than the price he or she expects to receive, knowing that some negotiation will be necessary. This expectation leads some buyers to assume that unless they can negotiate the sales price lower than the original asking price, they will have paid too much.

Accounts Receivable

There are basically three types of arrangements in handling existing accounts receivable during the transfer or sale of a practice.

In the first the seller retains the accounts receivable and is solely responsible for their collection. A second option allows the buyer to purchase at a discount (to allow for uncollectibles) outstanding accounts less than one year old. All others remain the property of the seller, who is responsible for their collection. Or, the buyer may continue to collect the outstanding accounts and remit to the seller, less collection costs. After one year, outstanding accounts are transferred back to seller for collection.

No one of these options is better than the others. Which one you select is a matter of personal choice and negotiation.

Tax Implications

As in any capital transaction, the tax consequences of buying a dental practice are of critical concern to both the buyer and the seller. It is imperative that both parties seek expert professional assistance in this area throughout the negotiations and before a contract is signed.

Restrictive Covenant

When negotiating a buy-sell agreement, you may consider including a restrictive covenant (noncompetitive clause). This restriction will prohibit the selling dentist from relocating and setting up a new practice in the area within a reasonable period of time. Without such a clause, you may find you have purchased only used equipment and a lease, while your patients go down the block to make appointments at the new practice of the selling dentist.

Restrictive covenants are not enforceable in all states or under all conditions. Check with your legal advisor to ensure that any such element of the contract is in keeping with locally-accepted legal standards. In states where restrictive covenants are enforceable, they must be considered reasonable in the eyes of the law. As a general rule, if the answers to the following questions are, "No," the restriction can be considered reasonable.

1. Is the restraint on the seller greater than is necessary to protect the buyer's legitimate interest?
2. Is the restraint on the seller unduly harsh or oppressive?
3. Is the restraint harmful to the public interest?
4. Is the restraint unreasonable in terms of geographic area?
5. Is the restraint unreasonable in terms of the length of time during which it is effective?

Again, these are only general guidelines. Your attorney is your best advisor in this situation. For more information on this topic, you may access the article "Restrictive Covenants and Associates" in the members-only Law Article Database, **www.ada.org.**

Other Considerations

Wherever possible, try to structure the purchase within a time frame that allows the selling dentist to spend a minimum of four to eight weeks in the practice with you to help you become familiar with the practice and the staff, and to introduce you to patients. This will help in making a smooth transition.

After you have bought a practice, consider waiting to implement major changes right away in practice policy, philosophy, staff or fee structures. You want to maintain the highest percentage of returning patients, so make your changes slowly and with considerable thought. This approach will also benefit you in gaining the full support of staff members. If you come in and institute a general house-cleaning, installing a philosophy of practice that contrasts sharply with that of the selling dentist, you will probably lose more patients than normally associated with a change of practice ownership. You can make the changes you want within the first year, and do it with the full support of your staff, if you plan your changes carefully and involve your staff in the decision making.

After you have bought a practice, consider waiting to implement major changes right away in practice policy, philosophy, staff or fee structures.

In Summary

Buying an established dental practice is a positive way to begin your dental career or may be the outcome of a successful associateship with the selling dentist. In either case, negotiating the sale or purchase of a practice will begin with the evaluation of the many facets that comprise a practice's "success quotient." The advice of an experienced attorney, practice management consultant and/or tax advisor is important to your success, so bring these consultants into the process in its early stages.

For general information on buying a dental practice, the free online publication titled *Dental Buying Guide* can be found on the ADA's Web site.

A Directory of Appraisers and Valuators is also available online at **www.ada.org**

For general information on buying a dental practice, the free online publication titled *Dental Buying Guide* can be found on the ADA's Web site.

Other Sales Documents

Documents in addition to the contract of sale that are generally part of the transaction include:

Bill of sale: an instrument that lists and transfers title to the property sold.

Assignment of lease: either a provision in the sale contract or a separate instrument that serves to assign to the new tenant a presently held lease.

Release: an instrument executed by the buyer upon taking over the current lease to cut off the present lessee's (seller's) liability.

Promissory note: a written promise to pay any amount borrowed.

Security agreement: used in conjunction with the promissory note to secure the promissory note with the collateral of the assets transferred against the claim of other creditors.

Employment or independent contractor agreement: used when the selling dentist is hired back after the sale agreement.

Real property sales contract: a separate contract transfer used where a property (the building housing the practice) is agreed to between the parties.

BUY-SELL AGREEMENTS

Practice Sale Contract

Generally used topic headings for the contract provisions.

Note: The headings below are not uniformly used and the headings themselves usually have no force or effect within the contract itself. For the purpose of this publication, they simply provide an overview of the items that dentists should anticipate seeing in the contract.

- Parties involved and date of the contract
- Time and place of sale
- Total purchase price
- Allocation of purchase price
- Goodwill
- Payment of purchase price
- Security for purchase
- Phase-out agreements
- Non-competition clause
- Risk of loss
- Duty to maintain supplies
- Custodian of records
- Transfer of records
- Use of seller's name
- Insurance, utilities, taxes, laboratories
- Accounts receivable
- Overall tax ramifications
- Rework
- Hold harmless agreement
- Seller's warranties and representations
- Buyer's warranties
- Life and other insurance
- Warranty on equipment
- Contingencies
- Appointment of escrow
- Prorations – Costs and expense
- Entire agreement
- Binding on heirs

Chapter 5:

Dental Office Design

Superior office design can not only allow you and your staff to work at the highest level of clinical excellence, it can market your services to prospective patients. In addition, it can incorporate the latest technologies in both clinical and administrative areas. For example, your office design can feature dental imagery systems, including intraoral video cameras, digital cameras, and digital radiography. It can integrate patient education systems and the necessary equipment for a paperless office. It can assimilate environmentally friendly practices such as amalgam separators, energy-efficient appliances and natural landscaping. Finally, it can anticipate future technological advancements and office growth and plan accordingly.

Along with the recommendations offered here and by the professionals you hire to help you, the design of your own dental office needs your personal attention. No one knows more about your desires, philosophies and goals than you do.

Design Considerations

The overall function of the dental office should dictate the form of its design and layout rather than adapting function to a prearranged design. Dental offices are most effectively designed from within.

A new office, built from scratch, should have the interior functional layout designed first, before overall outside dimensions and walls are drawn. Unfortunately, not all offices have the luxury of total size and shape determination, since remodeling an existing facility is the norm. Renovation is another design challenge with modifications to existing space to best enhance functional office efficiency. It will help if you begin to look at your plans and traffic flow from eye level by walking yourself through as a patient would.

Again, depending upon the patient services provided, your overall form and layout can be determined.

One of the ways for you to start is through a process of goal setting and preliminary evaluations. Ask yourself a number of questions about how you will practice dentistry now and how you see your practice in the future. How many staff will you have? How many treatment rooms will you need? What growth is projected for you and your community? Will you need more reception room space due to the nature of your patient load? What type of ancillary dental equipment will you use to support your treatment?

The following checklist contains several of the issues that you should consider.

___ number of dentists in the facility

___ number of hygienists

___ number of assistants

___ number of other staff members

___ patient population—children? Special needs?

___ delivery system design

___ ancillary equipment needs

___ specialty material needs

___ number of patients/day

___ radiographic requirements

___ darkroom processing needs

___ number of reception room seats

___ business area machines

___ filing system

___ storage needs

___ mechanical room (compressors, vacuum pumps, tanks, etc.)

Through the use of block diagrams, you can plan for your needs and wants. The block diagrams can then be converted into actual plans. An example of such a block diagram is shown below.

It is important to know your design goals before an architect implements details in an effective office layout. Similar to the design of a manufacturing facility, a dental office should look at the production area first, then the support areas for the treatment rooms, and finish with the administrative and patient reception areas. For example, location and design considerations could be planned in the following order:

- treatment rooms
- x-rays and digital imaging facilities
- tray and sterilization areas
- reception areas
- business office
- other administrative areas

A variety of laws will come into play when designing and building a dental office.

Legal Issues

A variety of laws will come into play when designing and building a dental office. It is important that your dental office comply with all applicable laws. This chapter cannot fully address every relevant legal requirement. That is among the many good reasons why it is prudent for a dentist involved in developing a new or remodeled office to obtain professional advice from an attorney, architect, and/or contractor. Relying on experts about legal requirements, and shaping your contracts with them to protect you and assure compliance, is the best way for you to proactively address this important aspect of dental office design.

In designing your office, there are a number of legal matters to consider. For example, the Americans with Disabilities Act imposes minimum design requirements such as curbs and ramps, door widths for wheelchair accessibility, and handicapped parking. Similar state and local laws may also impose even more stringent requirements. The standards you will need to meet will vary depending on whether you are planning to build a new office, renovate an existing one, or move into an office that does not need renovation.

If you have any questions about the Americans with Disabilities Act, the American Dental Association has information at **www.ada.org.**

The Health Insurance Portability and Accountability Act (HIPAA) states that if your practice is a "covered entity" (i.e., covered by HIPAA), you must take certain steps such as conducting a written risk assessment and developing and implementing written policies, procedures, and safeguards to protect the privacy and security of patients' "protected health information" ("PHI"). A dental practice is generally a covered entity if it transmits any health information in electronic form in connection with a transaction covered by HIPAA, or if another entity makes such transmissions on behalf of the practice.

The HIPAA Security Rule requires that each covered entity conduct its own individual written assessment of the risks and vulnerabilities to the confidentiality, integrity, and availability of its electronic PHI and develop and implement various safeguards protect the security of their electronic PHI. The HIPAA Privacy Rule requires covered entities to develop and implement certain policies and procedures to prevent unauthorized uses and disclosures of patients' PHI in any form, including oral, paper, and electronic. Covered entities must train their workforce members to comply with HIPAA. Various forms and documents are necessary for HIPAA compliance. For example, covered entities must provide a written Notice of Privacy Practices and attempt to obtain a written acknowledgement of receipt from each patient. In certain cases, covered entity practices must obtain written contracts and/or authorizations before releasing patient information. Marketing and advertising must also comply with HIPAA requirements and restrictions. If "unsecured" patient information is breached, the HIPAA Breach Notification Rule requires a covered entity to send appropriate notifications to the affected patient(s), to the department of Health and Human Services, and in some cases to the media (HIPAA has guidelines on how to "secure" patient information). Visit **www.ada.org** or call the ADA toll-free member number, extension 4608 for answers to specific HIPAA questions.

A number of other issues affecting dental practice have the potential to significantly impact dental office design, such as ergonomics and waste management. Have your professional advisors take these, and all regulatory requirements, into account.

Because the interplay of these federal, state and local laws varies from jurisdiction to jurisdiction, the information in this chapter about office design should be taken only as suggestions. Understand and comply with the federal, state, and local laws that apply to your dental practice

The Division of Legal Affairs of the American Dental Association is also available to discuss these issues generally. Contact them at the toll-free member number, extension 2874.

Infection Control

Infection control is another important factor in today's office design considerations. Designers are planning larger and more efficient sterilization areas, tray preparation concepts, and central storage facilities. It is also important to have adequate ventilation in this area to minimize the buildup of chemical vapor that is associated with disinfecting solutions, ultrasonic cleaning solutions, and chemical vapor sterilant, if an alcohol/formaldehyde water sterilizer is used.

Furthermore, evaluate floor and environmental surfaces in the treatment rooms. Surfaces that may be contaminated, including floors, should be easy to clean, and if necessary, disinfect. The ADA has many publications available regarding infection control issues. You can place an order for these publications at **adacatalog.org.**

Planning Considerations

Construction and Remodeling Time

Dental office buildings or remodeling projects take time for design, financing, and construction. Dentists who are anticipating office design changes or construction should adequately prepare and plan accordingly. Generally, plan on 15 to 16 months or longer for a new office construction project. For a remodeling project, allow yourself at least nine months.

Site Location

Determining the physical location of your practice is ultimately a personal, yet important — and never easy — decision. It's vital that the location you ultimately choose has a local culture and infrastructure that will support your practice.

Some suggestions to help you make a wise choice for the location of your dental office include: 1) to explore your wish list for your dream practice, 2) review your business plan and image, and 3) conduct a need analysis of your community and patients.

Size

A number of factors will influence the overall size of the office including:

- office volume in terms of both productivity and patient traffic
- amount of time that the office is in use and the number of providers in the facility
- your practice mission
- number of staff in your office

A dentist, practicing in an office with four treatment rooms, employing one dental hygienist, and additional support areas necessary for the effective functioning of the patient flow, will need 1,100 to 1,500 square feet of office space.

Smaller offices can be highly functional if their design is thoroughly planned. Obviously, the type of practice, its volume of patient flow and the number of staff will dictate the overall size of the office.

Parking

Parking facilities are very important for both staff and patients. Convenient parking can have a favorable influence on your patients' perceptions of your office.

City codes often regulate the number of parking spaces based on the square footage of the office. Check these regulations, but remember that they are minimum requirements, and that dental offices usually need additional parking spaces.

For a remodeling project, allow yourself at least nine months.

A rule of thumb for determining the number of parking spaces needed is to multiply the number of treatment rooms by 1.5 then add to that amount the number of staff parking spaces needed. Thus, a four person staff in a three treatment room office requires approximately nine to ten parking spaces.

The Americans with Disabilities Act has many requirements regarding accessible parking spaces. Work with a contractor who is familiar with the regulations. In addition, check your state and local laws regarding this issue.

For the front office areas, indirect lighting can produce a softer, more subtle atmosphere.

Interior Design Considerations

A designer who specializes in dental offices can help you become familiar with trends in the dental environment regarding air quality, noise, ventilation, cabinetry and dental equipment.

Lighting

For the front office areas, indirect lighting can produce a softer, more subtle atmosphere. Natural lighting is both pleasant and cost efficient when the occasional glare of strong sunlight is controlled. Your primary concern regarding the reception and office areas is to ensure that, while the lighting is subtle and homelike, there is sufficient brightness for reading and for office work.

For the treatment room areas, ambient lighting should be evenly distributed, shadow free, have good color rendering and be concentrated at the patient's head. The dentist should use lamps with a high Color Rendering Index (CRI) to perform tasks such as tissue inspections, shade readings for tooth colored restorations, and aesthetic evaluations.

Dentists can reduce the amount of eyestrain during the day if the ambient lighting of the treatment room is high enough to prevent a large difference when moving the eye from intraoral task lighting to regular room lighting. The dentist may also need to reduce the task lighting when using a fiberoptic light source. Generally, overhead treatment room lighting from two banks of 2' x 4' four tube fixtures will be adequate room illumination.

Color

The healthcare industry is beginning to use more color, and dental offices are following this trend. Interior designers can develop color themes throughout the office to attract the eye of the patient and assist movement through the office.

Using innovative ideas can assist in developing room atmospheres that are conducive to patient management. For example, use of color in corridors and stairways can provide stimulation and variety for patients who are passing between spaces.

There is evidence that suggests that certain colors are more relaxing than others. It is important that the color schemes contribute to the overall relaxation of the patients in a dental office.

Flooring

There are a myriad of flooring choices for the dental office. Your designer can assist you in choosing products that are attractive, practical, and in keeping with applicable laws.

Floors are available in wood, carpet, vinyl composition tile, sheet vinyl, ceramic tile, slate, a combination of all of these, or others.With the variety of hard surface flooring and carpet available, they can be incorporated easily into the overall design theme of your office.

Unlike the past, wood flooring is now an option for treatment rooms since it is more durable and easily cleaned. It adds warmth to the dental office setting and can be an attractive, inviting choice of flooring for lobbies and corridors.

The use of carpet as a floor covering choice is becoming more popular in healthcare settings. With new fiber technology, there are now a larger variety of colors and designs in commercial grade carpet that can be suitable for the dental office. However, carpet is not recommended for use in treatment rooms or laboratories because of the difficulties with clean-up.

Walls

Your interior designers can assist you in planning your wall preparations, whether you choose paint, wallpaper, fabric, or a combination of wall coverings. Painted walls are inexpensive and easy to clean. Wallcovering or wallpaper is available in a wide variety of color combinations, designs, and textures. Further, wallpaper and textured paint are great ways to cover imperfections in walls, which can be common in older buildings. In making your choices, particularly with wallpaper, make sure the products meet fire code requirements.

Ceilings

Ceilings can create special effects on the visual perception of the observer. For example, using alternating ceiling heights or placing a border along the ceiling can give an impression of more space or enhance the design. Soffits along the ceiling are a good way to trap sound and reduce the noise level in the office. In addition, ceiling art such as painted murals, mobiles, even artifacts embedded in the ceiling, can provide positive distractions for patients.

Design Throughout the Dental Office

Reception Area

Your reception area and the entrance to your office will affect the overall feel that patients have about your office and about you. Many patients will make value judgments about the entire office based upon their experience in the reception area, including such features as fresh flowers, well-organized magazine racks, and comfortable seating.

The reception area should be inviting with an open design. Reception room design including ceiling height, doors, woodwork, lighting, and colors can all set the tone for a positive patient visit. Your interior designers can assist you in portraying the desired office image.

Perimeter reception room seating is preferred so that the receptionist can see patients when viewing the area. For patient comfort, a solo general practitioner will probably need seating for six to nine persons in the reception room. Depending on your patient pool and business strategies, you may need to have a children's area designed into the reception rooms.

In addition, you may wish to consider such additional amenities as juice bars, plug ins for computer laptops, wireless internet access and entertainment systems designed to relax and preoccupy the patient before the appointment. Display cabinets showcasing dental products may also be a part of your overall business and marketing plan.

Business Area

Increasing clinical complexity, special business needs, prepaid dental programs, and insurance copayments are just some of the reasons why the space for the business office is vitally important. Don't make the mistake of having a business area that is too small.

Your staff will be more productive if they have enough room to do their job comfortably. A general guideline is that one person needs a two feet wide space to walk comfortably between objects such as a filling cabinet and a desk. Allow at least five feet for two people to work around each other without interference. In addition, each employee in the business area should have two to three feet of working space, plus room for equipment such as computers and telephones. Another good rule to use is 100 square feet for one full-time person in the business office. For each additional person, use 75 square feet. Finally, plan for a private area for discussions with patients regarding billing and insurance filing and consider compliance with applicable privacy and confidentiality laws (such as HIPAA and/or state laws) when you design the business area of your dental office.

Corridors

Use wide, spacious corridors and hallways – a minimum of five feet for two people to pass each other comfortably. This will also help your supplier with any equipment installation and servicing.

Your staff will be more productive if they have enough room to do their job comfortably.

In regards to accessibility, corridors should be free of clutter and loose doormats and area rugs. Doorways should be at least 32 inches wide, with thresholds no more than one half inch high. Ramps should be equipped with handrails that extend beyond the end of the incline. Elevators should be large enough for wheelchairs and the buttons should be accessible from a seated height.

Consultation Room

Some dentists and architects plan the dental office with a separate consultation and treatment presentation room. Often this room can double as a patient education and audiovisual center for the office. An excellent room design would allow for ease of case presentation, adequate display aids, and the privacy necessary to discuss the patient's treatment and financial needs. Many dentists believe that case presentation done in such a setting will result in increased case acceptance.

It is also important to place the treatment rooms close to one another to reduce the time necessary to move between rooms and to enhance productivity.

Patient Restrooms

Some dental offices follow the basic approach of neat, reasonable and accommodating for their patient/public restrooms. Other offices pay extra attention to the restrooms used by patients, designing them for comfort and luxury.

Regardless of the approach you choose, keep three essential points in mind. First, cleanliness is of utmost importance. While you naturally will ensure your restrooms are clean, some wall treatments and fixtures look clean longer than others. Second, design a quality lighting system. With the increased interest in aesthetic dental treatments, many patients feel the need for privacy to look at their smiles and adjust their makeup. Third, most restrooms must comply with the guidelines of the Americans with Disabilities Act and codes for working with sedated patients. Check with local building codes regarding designing and building public restrooms.

Treatment Rooms

The basic question dentists and designers start with is how many dental treatment rooms are needed. It has been estimated that a well run, busy professional office, with one dentist and one dental hygienist, will utilize at least four treatment rooms. This is broken down as follows: two for the dentist, one for the dental hygienist and one for emergency or overflow patients. Offices with a higher number of shorter appointments, such as a pediatric dentistry or orthodontic office, will likely need additional treatment rooms.

Practitioners who are building a clientele will likely need only two functional treatment rooms, until patient demand indicates a need for additional space. For maximum efficiency, all treatment rooms should be the same in size, equipment and layout. This will allow the dentist to perform any regular service in any treatment room. It will also prevent bunching of the appointment schedule around certain preferred treatment rooms or a delay in seating patients while a room is occupied or being prepared.

It is also important to place the treatment rooms close to one another to reduce the time necessary to move between rooms and to enhance productivity. Take great care in designing the treatment room layout to ensure a smooth traffic pattern if you plan for more than four treatment rooms

Types of Treatment Rooms

There are three basic room designs for dental treatment rooms. These include:

- "H" configuration
- "U" configuration
- "Y" configuration.

Many designers prefer the "H" configuration. In this design, four doors exist for each treatment room, two from behind the patient and two at the foot of the chair. Dentist, patients and staff can easily enter and exit with this type of arrangement. Drawbacks to this design include the necessity for two separate hallways and the inability to place the chair in a position that allows the patient much of a view while waiting. Costs are often increased in this design due to extra hallway requirements.

The "U" concept is an adaptation of the "H" configuration that eliminates the doorways at the foot of the chair. Patients and dentist come in through one entry and staff enters through another, both behind the chair. Advantages

include the ability to place the chair facing a window while the head of the chair is left in a non traffic area, allowing for carts, tubing, and other mechanical requirements. Both the "H" and "U" concepts are popular and allow ease of motion to and from the dental chair, which is an important aspect in any treatment room design.

A "Y" design plans for one doorway into the treatment room, from either the side or the foot of the chair. All traffic enters through this doorway and then moves to the appropriate areas of the treatment room. The design is popular but often results in slightly more distance for both the dentist and staff when moving from the treatment room to another.

There are variations of the basic "H," "U," and "Y" layout. One example could involve two entries at the head of the chair to allow separate access by the dentist and patient through one side, and on the opposite side of the head of the chair, another entrance for staff. Another example might utilize a single entry located at the head of the chair, which allows a staff member to quickly move between adjacent treatment rooms.

In regards to accessibility, the treatment room must be large enough to position a wheelchair next to the dental chair, and provide enough room for transferring a patient to the dental chair.

Treatment Room Design Elements

Regardless of the treatment room design, a basic principle of good design places the assistant and as much of the support equipment as possible along the long axis of the dental chair and within reach of the dentist or the assistant.

Dental assistants will need to sit slightly higher than the dentist to allow for adequate vision. Furthermore, since the average reach radius of an assistant is approximately 26", all work surfaces, materials, and instruments should be within this distance when performing treatment to prevent unnecessary motions.

All types of delivery systems, such as behind the patient, one or two carts, or over-the-patient, can function well in a properly designed treatment room and the final choice is usually up to personal preference of the dentist.

Remember to consider infection control needs when reviewing delivery systems, radiography equipment, and treatment room lights. A delivery system should maximize the ease of decontamination and minimize the number of contact areas that will need to be decontaminated. Also, keep in mind the compatibility of disinfectants with the materials used for the fabrication of the delivery system. Many designers believe that a system of prearranged instruments, pre measured materials, and centralized sterilization will facilitate treatment room clean-up and decrease inventory levels.

Consider plumbing requirements including ventilating the exhaust of the pump and the suction system, so that it will not reenter the building. This is especially important if nitrous oxide scavenging units are used (as the ADA recommends if using nitrous oxide in the treatment room). The design should also allow for ease of servicing the plumbing system, such as installation of traps and emptying and replacement of traps. Building codes, special plumbing requirements and the type of equipment you install may also impact the plumbing installation.

Dentist Office

A separate office for the dentist is becoming increasingly important in design, since it is important for the dentist to have a private area for such job-related responsibilities as treatment planning, business meetings, and confidential telephone conversations. You should consider a private closet and bathroom to accompany the office, but keep in mind accessibility requirements when designing the private office.

Staff Break Room

Your team members are able to present a more professional image of your practice if they have a private area for breaks, lunches, and the occasional personal telephone call. The break room should be large enough to comfortably accommodate all members of your full-time staff. To add flexibility to the function of your break room, it can be designed for conversion into conference, meeting, and employee education areas. Custom cabinetry can hide kitchen appliances and audiovisual equipment. Although your designer can give you excellent assistance in the creation of the break room,

In regards to accessibility, the treatment room must be large enough to position a wheelchair next to the dental chair, and provide enough room for transferring a patient to the dental chair.

so can your team members. Ask them what features they most prefer in a break room, and how they would most likely use the space.

Radiography Facilities

Your choices of radiography facilities include digital radiography and traditional radiography. In view of the advances in technology, you may decide to select digital radiography. If you buy an existing practice, there may be a traditional radiography set-up in place.

Whether you use traditional or digital radiography, ensure that you are in compliance with all regulations about placement and use of equipment.

Whether you use traditional or digital radiography, ensure that you are in compliance with all regulations about placement and use of equipment.

Because x-ray and darkroom technologies impose space limitations not always present with digital radiography, this section will focus primarily on the design requirements of non-digital systems. When placing x-ray machines in treatment rooms, make sure that the equipment and chair are positioned to allow ease of access to both left and right sides of the mouth. It is important to check with dental suppliers to determine the inner wall support necessary for intraoral radiographic machine mounting. During full extension of the arms of the machine, the weight of the tube head can put significant torque onto the mounting plate and wall supports. Many offices plan for a panographic radiographic machine, even if they do not currently have one. The designer or architect needs to know about anticipated expansion plans in order to allow for appropriate wiring.

Architects will begin to consider a central x-ray area if the office has approximately six or more treatment rooms. Separate special function areas, like an x-ray room, are usually not recommended for the average solo practice as they are not cost effective. However, panographic equipment located near the reception area can fit in a space as small as 5' x 5'.

If plans call for a central radiographic area, place enough distance between the machines for both easy operation and for radiation safety compliance. Check these requirements carefully with the manufacturer and/or local building authorities. Also check state or city radiation laws to determine if special construction is required.

Generally, a darkroom of 4'x 5' is adequate. The architect will need to make modifications in this area based on the dentist's preference for processing equipment.

If an automatic processor is planned, it is important to have a sink nearby that is 10 to 12 inches deep to allow for maintenance and cleaning of the processor rollers. Check with local codes for any special modifications necessary in plumbing or installation of this equipment and ask the manufacturer for specifications. The equipment's specifications inst ruct the architect in how to correctly provide plumbing, electrical requirements, framing to house the equipment, and capacity. It may also be helpful to have a floor drain in the darkroom in case of an overflow.

Amalgam Separators

Although dentistry contributes less than one percent of the mercury in the environment, the profession is committed to protecting the quality of water, air and food in our country. As a part of dentistry's efforts to address environmental concerns, the ADA has included the use of amalgam separators and collection devices for the handling of dental amalgam in its Best Management Practices.

How does dentistry contribute to the mercury in our environment? When an amalgam is removed, the debris contains mercury. This debris can be destabilized by some waste management practices, and thus elemental mercury can be released into the environment and enter the food chain. However, the use of collection devices and amalgam separators can prevent up to 99 percent of amalgam debris entering wastewater.

Even if amalgam separators are not required in your state, amalgam separators are an important step in keeping dentistry friendly to the environment. Further, your state or local government may pass future mandates regarding amalgam separators. It makes good business sense to incorporate an amalgam separator system into your office now during design than face potential redesign problems later in the construction process.

The total cost of a system includes the purchase or lease of equipment, installation of the equipment, maintenance costs such as filter and tank replacement, and recycling costs. A dental equipment supplier, vendor or manufacturer can help you select an amalgam separator that is the best choice for your office. Additional information and resources are available to you through your state dental society and through ADA.org using "amalgam separators" as the search term.

Here are some practical tips to guide you in your selection:

- Decide whether your office will use a wet vacuum or dry vacuum system. Some amalgam separators are designed to work with one system but not another.
- Determine how many treatment rooms will be served by your vacuum system, as well as the current and future number of chairs in the office. Also assess the flow rate from the operatories during peak flow, such as at the end of the day. You will need an amalgam separator that can manage your peak flow.
- Decide whether you prefer to install the amalgam separator chairside or in one central location. A central amalgam separator will serve the entire office, while other systems are sized to handle one to five chairs.
- Consider the amount of physical space available for amalgam separator equipment. Your office plans should allow ample space for the installation of the system.
- Confirm that your office design plans provide access to 120 VAC power for the installation of an amalgam separator.
- Select an amalgam separator that complies with ISO 11143 (the International Standards Organization for the dental equipment of amalgam separators).
- Be sure to follow the manufacturer's recommendations for installation, maintenance and recycling procedures.
- Determine whether your vendor will monitor and maintain your amalgam separator system, or whether you will need to make other arrangements with an amalgam waste handler.
- Decide if your office will send the amalgam waste to a waste facility or if a waste handler will pick up the amalgam waste from your office.

Sterilization and Tray Preparation Area

The design of this area is dictated by its function. For example, with a tray system, the sterilization area accommodates both a soiled side and a clean side with a progression from one to the other. Logical placement of scrub sink, ultrasonic cleaners and sterilization equipment indicates that the items for sterilization should progress through these steps and end up in a storage area for sterilized items. In a busy practice, allow for 12 to 16 feet of counter space for sterilization procedures. Counter space in the sterilization area can be designed as totally linear, L-shaped, U-shaped, or as two parallel linear surfaces.

Out of concern for infection control, many experts now recommend that dentists work from trays prepared outside the treatment room. Using prepared trays has the advantage of eliminating a potential cross-contamination point, in which a dentist or staff member involved in a procedure may be tempted to reach into a drawer for items.

Dentists will need to decide in advance how extensive their in-office laboratory should be. For example, a simple pour-up and polish laboratory does not require much space. Prudent infection control management suggests that the laboratory area should be separate from the sterilization area. However, infection control procedures are also necessary in the dental laboratory.

Countertop requirements for a laboratory can vary but are usually 8 to 16 feet. Also, plaster bins should be placed over a sink to allow easier cleanup. It is also important to place a plaster trap in the sink drain line to prevent costly drain clogs.

Prudent infection control management suggests that the laboratory area should be separate from the sterilization area.

Storage Areas

Make sure you have plenty of storage space in your practice. Devote at least 100 to 120 square feet for on-site storage. Central storage areas can be used to reduce the inventory necessary in the treatment rooms and to decrease the chances of cross contamination. Storage should be accessible and easy to manage for all staff.

Utility Rooms

The office needs an area to house mechanical utilities such as dental compressors, evacuation systems, gas tanks, and water. This space should offer easy access for installation and repairs, and it should be insulated for sound so that mechanical noises don't cause a distraction throughout the practice. Investigate state and local regulations and manufacturer's recommendations for any requirements concerning separation of mechanical pumps from chemical storage.

Can your office have a smaller carbon footprint without a bigger design budget? The answer is yes.

Design Considerations: A Green Dental Office

Can you design an office that is not only friendly for your patients, but also friendly to the environment? Can your office have a smaller carbon footprint without a bigger design budget? The answer is yes. By making careful choices during your design process, you can do your part in contributing to sustainable dentistry. The following suggestions will make your practice one that pays attention to environmental concerns, and a growing number of patients pay attention to professionals who are committed to building an eco-friendly community.

- Build a strong shell for your office. Adequate insulation, tight windows and weatherproof doors will make your office easier to heat and cool, thus saving energy use and costs.
- Select wall treatments wisely. Choose paint products for your office that do not contain Volatile Organic Compounds (VOCs). You also have the option of wall coverings made from recycled paper products and installed with water-based pastes.
- Consider eco-friendly floor treatments. You can surface your floors with such products as no-VOC linoleum, organic wool carpets, and recycled or reclaimed woods.
- Choose digital radiography. A digital x-ray machine can eliminate the need for fixer, developer and film packet parts associated with traditional radiography, and therefore reduce the amount of waste generated by the dental office.
- Incorporate an amalgam separator system into your office design. The use of amalgam separators and collection devices prevents amalgam debris from entering the wastewater. In fact, the ADA has included the use of amalgam separators and collection devices in its Best Management Practices.
- Buy efficient appliances. Select sensor-operated faucets and low-flow fixtures to reduce your water consumption, and choose energy-efficient washers, dryers and dishwashers to contribute to your energy efficiency.
- Install programmable thermostats. By automatically adjusting your office's temperature settings, your heating and cooling systems will save energy, thus making your office more efficient and reducing greenhouse gas emissions.
- Go natural with your landscaping. ire a landscape company that follows environmentally friendly practices, and select plants and shrubs that respond well to natural growth products rather than the use of pesticides.

Chapter 6:

Before You Open The Door

Once you've selected a practice location and finalized your office space, take a moment to review the many facets of your role as office leader. You must be more than a clinician; you must be a manager as well. A great deal of your future success depends on how well you handle your management duties.

Planning and organizing your practice means visualizing how you will function in both the short- and long-term future. These two critical management functions will have impact on the physical arrangements of your office, from designing a floor plan to ordering equipment. Develop a strategic plan for your practice which includes your vision, mission statement and goals. Share your plan with your dental staff.

Staffing your office is an equally important management function. It includes recruiting, selecting and training everyone who will work with you.

Directing and controlling the activities of the practice will be your primary management goals when the practice is up and running. Motivating, guiding and supervising office personnel and evaluating practice performance as a whole will be important to meeting your career objectives.

If you are a junior or senior in dental school, it's not too early to start planning. You may already have some ideas about where you want to locate your practice. Order your equipment six months prior to your projected opening day.

Plan to order business and dental supplies about three months before you open and to hire your team one month in advance. Remember: if you place the order and your license is delayed, you are still obligated to pay for the equipment. At the very least, you will be responsible for the restocking charges imposed by the manufacturer to the supplier.

Equipment

The equipment you use should be styled and designed to allow you to be as efficient as possible. Function should be your first consideration, but you should also consider the image your equipment and furnishings project when you bring a patient into the operatory.

New or used equipment? Used equipment will cost less than new equipment. But parts and service may not be readily available and there may be no warranty.

In setting up your office, *don't overbuy and don't be oversold*. You should be able to justify the purchase of every piece of equipment in your office. If you need to add a second or third operatory in six months, you can do it then just as easily as you could when you opened your practice. In the early days, you don't need any overhead not contributing to your practice. Keep three goals in mind: buy what you need, buy good equipment and be able to use, right away, what you've bought.

In setting up your office, don't overbuy and don't be oversold.

Services and Supplies

The best way to determine your dental supply needs is to visualize yourself performing the dental procedures you will use in your practice. In addition, order professional stationery and other office supplies as soon as you're certain of your location. Select and order patient forms to assure delivery before you open.

Order utility services in advance. As a new business, you may be required to pay a deposit before water or electric service will be provided. If you are planning to use a janitorial service, uniform and/or linen suppliers, contact those suppliers at least 30 days in advance of your opening.

Introduce yourself by letter to the dental laboratories and dental supply houses you will be using. The ADA publishes the *Dental Buying Guide* online. This helpful tool enables new dentists to locate manufacturers of specific dental products. It can be found at **www.ada.org**.

Telephone and Web site

If the phone company will not accept a listing without first installing a telephone, have the phone connected in your empty office. Of course, a phone call to your office should never go unanswered. Hire a professional answering service or set up a voice mail system to manage calls until your staff starts work.

Web sites

Creating a Web site for your practice can be a challenge far beyond using Facebook. At a minimum, your Web site should show your name, practice location and phone number to serve as a on-line placeholder while you develop a more complex Web site. You should expect to consult with several vendors before you find someone who is a strong candidate for establishing your presence on the web. In addition, identify a handful of user-friendly dentist office Web sites and make note of what makes a positive user-experience. This will help you convey your needs to your vendor.

You would never install a phone line and not answer when it rings, but a surprising number of businesses encourage visitors to hit the "contact us" button without an effective follow-up plan.

- Define exactly what you are paying for. Is it simply a domain name? Hosting services? The design of the site? How about maintenance? If the site goes down, who has the responsibility to fix it? All of these considerations vary from vendor to vendor, so keep careful notes to make a good comparison.
- Request the development of a straightforward, user-friendly site that features such information as office hours, clinical services, emergency services, practice philosophy, a brief biography of each dentist, along with your location on a map. As your budget allows, include attractive photos, prevention tips, and information on specific treatments.
- Just because it can be done on a site doesn't mean that it should be done. Remember that the goal is to get patients into your office. We've all had the experience of visiting a site that starts playing music or loading a flash animation. Don't tempt visitors to leave before they've even gotten started.
- If you intend to offer options such as the ability for patients to schedule appointments online or to e-mail the practice with questions, then someone in the practice must take the responsibility to monitor the communications. You would never install a phone line and not answer when it rings, but a surprising number of businesses encourage visitors to hit the "contact us" button without an effective follow-up plan. More importantly, do not implement any electronic communications without first considering how they would affect your compliance with applicable federal and state privacy and confidentiality laws such as HIPAA. For example, under the HIPAA Breach Notification Rule, if protected health information is not appropriately "secured" and there is a breach, a covered entity must notify the affected patient(s), the Department of Health and Human Services (HHS), and in some cases the media. HHS has provided guidance as to acceptable methods and technologies to secure protected health information under the Breach Notification Rule.
- If you are a HIPAA covered entity and you have a Web site that provides information about your services or benefits, you must prominently post your HIPAA Notice of Privacy Practices on your Web site and you must make the HIPAA Notice available electronically through your Web site. If you intend to provide your HIPAA Notice to patients by e-mail you are required to follow certain HIPAA rules. Talk to your practice's attorney about privacy and confidentiality compliance issues.
- Your Web site will require revision as your practice grows and changes. What is the schedule and process for updates? For example, if your practice is no longer open on Fridays, you'll want that information on your site. Do you contact the designer? Is there an additional fee for this change? Web sites can be designed for easy editing and revisions, so you should make sure your designer knows if you want that capability.
- If you haven't gotten familiar with the expression SEO, or Search Engine Optimization, you can expect to be hearing it once you begin working on your practice Web site. The idea behind SEO is that it can move a site to the top of a search engine's listings, where it's easier to be found. You will hear a lot of promises about SEO, and it's helpful to consider them the same way you would consider advice about investing your money. There are some basic strategies that can improve your results, but if someone is making a promise that sounds too good to be true, it probably is.

Licenses and Permits

You must have all licenses and permits necessary to practice dentistry. The following items are particularly important.

1. Learn what licenses are required in your area. Dental schools, local dental societies and state boards of registration may be helpful.
2. Obtain the required forms for a professional license from the appropriate state.
3. Apply for all applicable city, county or township licenses. Your local dental society will be a good source of information.
4. Check with city hall regarding zoning and building permits.
5. Request an employer's identification number from the Internal Revenue Service. It must be used on many tax forms.
6. To obtain a Drug Enforcement Agency Permit for prescribing controlled substances write:

   U.S. Department of Justice
   Drug Enforcement Administration
   Registration Unit/DDRR
   Washington, D.C. 20537
   Tel: (202) 307-7255
   http://www.usdoj.gov
7. Check with your State Board of Dental Examiners about additional requirements, such as a permit to administer general anesthesia or conscious sedation.
8. Get your National Provider Identifier (NPI) number. Find more information at **www.ada.org**.

Emergency Preparedness

A fire, flood, earthquake or other disaster can happen with little or no warning and pose a serious threat to dental offices. If you are prepared before disaster strikes, your office has a better chance of a swift and safe recovery. Through emergency preparedness, you can preserve patient records, re-establish patient treatment, and play an important role in caring for the public in the wake of a disaster. For additional information on this topic, go to **www.ada.org.**

An emergency or other occurrence such as fire, vandalism, system failure, power failure, or a natural disaster poses a threat to a dental practice's electronic systems and to electronic protected health information (see "Protecting Patient Records" below).

Know your Insurance Coverage

Don't assume your insurance policy will protect you from all disasters. For example, some policies do not cover wind, hurricane or flood damage. You don't want a gap between the level of coverage and the level of damage incurred by your office. Talk with your insurance advisor to discover what is and isn't covered under various policies. For example, if you occupy a leased facility, does the agreement specify who will make the determination regarding closure for repairs? If you own your building, would you receive insurance claim disbursements, or would they be processed through a mortgage company? Does your policy provide sufficient coverage for replacement costs for lost contents? You should also discuss business interruption insurance that provides compensation for lost or reduced income due to a disaster.

Protect Patient Records

Protecting patient records is not only important for the patients, it's also essential to your practice. Patient records will help you rebuild your treatment schedule as well as document your losses after a disaster. Patient care can be compromised if records are destroyed or corrupted. HIPAA security requires each covered entity to (among other things) develop and implement a contingency plan for responding to an emergency or other occurrence that could damage systems containing electronic protected health information. For example, covered entities must implement a data backup plan, a disaster recovery plan, and an emergency mode operation plan. Certain covered entities must assess which of their applications and data support the components of their contingency plan and periodically test and revise their contingency plans, or implement equivalent safeguards that are reasonable and appropriate for their practice. Whether or not a dental practice is a HIPAA covered entity, it should backup patient information and financial data and store the backup at secure locations both in

If you are prepared before disaster strikes, your office has a better chance of a swift and safe recovery.

the office and at an offsite location. In addition to appropriately securing electronic records, you should also keep a patient list in a secure location outside the office. If you use paper records, they should be stored in fire and waterproof containers. Federal and state laws impose various requirements on dental practices to protect, secure, and maintain patient records and other information. Consult the attorney for your dental practice to determine how best to protect your patients and your practice and to comply with applicable laws.

Develop an Emergency Plan

Your written emergency plan should contain the location of such documents as building records, insurance policies and contact numbers, as well as information about what employees should do during a disaster to protect themselves and patients. Prepare a notebook for storing written instructions and copies of necessary documents. Include the names and contact numbers of landlords or lien holders, insurance policy numbers and contact information, copies of building inspection records and inventory lists, and the location of equipment manuals and warranties.

Set up regular maintenance schedules. Equipment that is clean and cared for will run more efficiently.

Your emergency plan should outline how you will notify employees and patients if your office must close. You will need a backup plan if central communication lines or the electrical supply are disabled. You also need to create a plan for evacuating team members and patients. For example, according to OSHA, your emergency plan should include an alarm system that is audible within the work environment, escape procedures and routes, procedures to account for all employees when evacuation is complete, rescue and medical duties of employees, and how to report fires and other emergencies.

Purchase Emergency Items

Purchase items you'll need if you need to provide treatment under emergency conditions after a disaster. Essential items include clean water, something to numb a patient, equipment to extract a tooth, and first aid supplies. Store the supplies in a watertight and secure place, and make certain key staff members know about their availability and storage location.

Sustainable Dentistry

As healthcare professionals, dentists carry a responsibility for the environmental impact of dental offices. If you plan for sustainable day-to-day practice operations, you can help protect non-renewable resources and preserve the quality of life for yourself and your children. Further, patients are becoming increasingly aware of the importance of eco-friendly practices by those who provide health and business services. Many will support and be impressed by your efforts to have an environmentally concerned dental office. As discussed in the previous chapter, wise choices in the design of a dental office can make dentistry more sustainable. However, you can take steps in your practice planning to cut down on waste, reduce water use, and become more energy efficient.

- Set up regular maintenance schedules. Equipment that is clean and cared for will run more efficiently.
- Strive for a paperless office. The more patient information you can store in a digital format rather than on paper will save not just trees, but time, money and storage space for your office.
- Choose reuseable rather than disposable products. For example, you could use cotton towels instead of disposable patient bibs, surgical suction tips instead of disposable plastic tips, and stainless steel prophy cups instead of disposable prophy-containing cups.
- Check your windows and doors. If the energy used to heat and cool your office is being lost through loose or poorly insulated windows and doors, you are spending both unneeded dollars and energy.
- Choose energy-efficient washers, dryers and dishwashers to contribute to your energy efficiency.
- Select lighting products wisely. Fluorescent bulbs are much more energy efficient than halogen and incandescent bulbs. Install dimmer switches where viable to reduce your energy costs.

- Consider digital radiography. You can reduce the amount of waste associated with traditional radiography by eliminating the need for fixer, developer and film packet parts, and even the darkroom itself.
- If you have a traditional x-ray system, recycle the fixer and developer solutions from the darkroom and the lead foil from x-rays.
- Purchase an amalgam separator system. The use of amalgam separators and collection devices can prevent as much as 99 percent of amalgam debris from entering the wastewater, thus reducing the mercury levels in your community's water supply.
- Participate in local recycling programs, including the separation and recycling of paper, plastic and aluminum products. Be sure to put recycle trash bins in your reception area for patient use.
- Talk to your team about ways to conserve energy. Ask them to turn off lights, computers, printers and other equipment when not in use.
- Plan ways in which you can communicate to your patients about your environmentally-friendly approach to the practice of dentistry.

For additional advice on setting up your office, review the New Practice Checklist available from ADA.org. This checklist is designed to provide a list of some key issues frequently confronted by dentists opening a new practice, although each practice situation presents unique challenges. Requirements can vary from state to state and from city to city, and each topic can be quite complex. Use this list only as a starting point, and seek professional advice when necessary.

For additional advice on setting up your office, review the New Practice Checklist available from ADA.org.

NOTES:

Chapter 7:

Staffing Your Practice

Next to your clinical skills in dentistry, your dental team is the most important asset to your practice.

Employment of Office Staff

The employment relationship between a dentist and the office staff is governed by federal and state laws on employment, relevant provisions of the state dental practice act and the terms of any employment agreement established between the parties. Information on federal and state employment laws is available through the U.S. Department of Labor and state departments of labor.

Hiring Practices

With regard to hiring, the office staff is generally protected by law against discrimination based on sex, age, race, color, disability, religion or national origin. In addition, some state and/or local laws prohibit discrimination based upon sexual orientation. The protections afforded by the various laws cover hiring practices, wage and fringe benefits, work assignments, conditions in the workplace and termination.

Before hiring any employees, contact your state's Department of Labor and request information on wages, hours and working conditions in professional occupations. A good Web site for general is the Small Business Administration at **www.sba.gov.**

Before beginning employment, the dentist and employees should clearly establish a working arrangement, and an employee handbook can be a good tool to outline expectations. Topics should include compensation, the obligation of all parties to adhere strictly to all laws governing dental practice and occupational safety and health, benefit programs, periodic performance and compensation plan review and termination.

Separation

There is no general law that prohibits a private employer from discharging an employee. Unless employers have entered into a contract to the contrary, or have verbally indicated that the parties have a contract, employers generally have the right to discharge at will. This broad right is limited by a number of federal, state and local laws. However, office manuals, written documents and oral agreements may alter the employment at-will relationship.

Some states infer a promise of fair dealing as part of the employment relationship. Other states have found that an employee handbook or written offers of "permanent" employment may constitute a contract. Therefore, if termination is necessary, all rights provided by law and established by agreement must be respected by the employer.

Employers should consult with their attorney before terminating an employee or preparing employee handbooks, contracts or other documents that might be construed as a contract of employment.

Professional Liability

The legal basis for most dental malpractice cases is negligence on the part of the dentist or staff members for whom the dentist is legally responsible. Generally, the law imposes a duty on the part of the dentist or any defendant to conform to a specific standard of conduct to protect the plaintiff from an unreasonable risk of harm. If that duty is breached and the plaintiff is injured as a result, then the defendant may be liable for any damages sustained by the plaintiff.

Under the law, the dentist is required to possess and exercise the knowledge and skill of members of the profession in good standing. In some states, this requirement is judged in the context of the same or similar localities as that in which the dentist practices. In other states, a more general or national standard is accepted by the courts. In addition, the dentist must use any superior judgment, skill and knowledge that he or she actually possesses. Therefore, in some states a dental specialist may be held to a higher standard of care than a general practitioner.

As an employer, a dentist is also responsible for the negligent acts of his or her employees that occur within the scope of the employment relationship.

As an employer, a dentist is also responsible for the negligent acts of his or her employees that occur within the scope of the employment relationship.

This liability stems from the special relationship between the employee and employer and may be imposed even though the employer-dentist played no direct part in the negligent conduct.

Choosing Employees

As a new solo practitioner, you may decide to hire only one employee to fill the roles of receptionist, business manager and dental assistant. Due to the complexity and demands of being the lone allied team member, it is essential this person be both compatible and experienced in the duties to be performed. If you're married, don't be tempted to ask your spouse to serve as your first employee unless he or she is extremely interested and you discuss it thoroughly. Problems with such an arrangement sometimes outweigh savings in salary or other advantages you anticipate.

Be sure your help wanted ads do not discriminate according to Equal Employment Opportunity regulations.

Compatibility, education and experience are the three key elements in selecting your office staff. Compatibility is the applicant's potential to get along well with you, other employees and patients. Close constant contact between dental personnel makes compatibility imperative. And good relationships between your patients and staff members are essential for effective treatment.

In terms of an applicant's educational background, look for training in an ADA-accredited program, if appropriate. If you are unfamiliar with the type of training or the institution, check with the local dental society for more information. Regarding experience, ask for letters of recommendation or a list of references.

The American Dental Association offers many practice management products you may find helpful for your recruiting, hiring, and training efforts at **adacatalog.org.**

Attracting Potential Employees

In some communities, word-of-mouth among professionals is the best way to attract potential employees to your practice. Dentists in your community may also refer suitable people who are looking for work.

Or, you may advertise for allied personnel. A well-written, concise advertisement giving essential details of the position should attract suitable candidates. Be sure your help wanted ads do not discriminate according to Equal Employment Opportunity regulations.

The Internet now makes it easy to narrow your search for your dental team. Specialty e-recruiting sites target a smaller, more qualified audience. These sites can also provide various services, such as resume databases or unique software tracking that allows employers and applicants to communicate with each other through the hiring process.

Employers can post a classified advertisement on the Web sites of various dental associations, societies, universities, and dental schools. Obviously, if you have a dental practice Web site, you could use it to post your own job openings.

Some dental offices request online applications with a Web site or e-mail address as the contact. If you choose this approach, set up an auto-reply function to let applicants know their material was received. Another approach is to use your office phone number in an advertisement, and list a specific time frame for the calls. For example, you might state that interested applicants should call between 1:00 and 3:00 pm.

Screening resumes by mail or through the use of a blind box number will eliminate telephone calls that might interrupt your routine throughout the day. However, some applicants may not be comfortable sending resumes if they don't know who will be receiving them.

One approach may be to wait a week to ten days, review all the applications or resumés you have received. Eliminate those that do not meet your stated qualifications and sort the rest into "A" and "B" lists. Call each qualified candidate to review employment history, availability and other basics. Note the applicant's voice and manner. Does he or she project professionalism? Based on the phone interviews, schedule appointments for applicants. You may want to use your day off for interviews.

Have each candidate complete an employment application. These can be purchased from most dental supply houses, office stationery stores, or you may want to develop your own form. The key is to gather the same information from all applicants so that you may easily compare candidates.

Employment Interview Process

Below are some suggested topics for discussion in an interview:

1. Why did they leave their previous jobs? Note any criticism of former employers. These comments can be revealing and may indicate future problem areas.
2. How is the person's experience applicable to your practice needs? This is especially important if yours is a specialty practice.
3. Does the applicant seem flexible? Responsibilities may change as the practice grows. Each employee may have specific assignments, but will also need to remain flexible to perform other duties as needed. An experienced assistant will recognize hours and responsibilities may vary due to emergencies.

During the interview, try to avoid questions that can be answered simply "yes" or "no." Instead, ask open-ended questions that allow the applicant do the majority of talking.

Take special note of people who ask you questions about your practice. This can indicate a real interest on their part. Discuss office policies briefly and ask the applicant's expectations for starting and regular salaries, since expectations should roughly equal the pay offered. At the end of the interview, let the applicant know that you will be in touch regarding your decision but do not commit yourself to hiring anyone.

Write down your impressions immediately after the interview while they are still fresh. Always ask for employment references and get written permission to call the references. Finally, call the references!

Many employers choose to use a professional company to perform a background check on a potential candidate. While the scope and detail of the background check may vary depending on the position available, background checks may help dentists minimize or avoid liability for claims of negligent hiring. Background checks may similarly curb instances of theft and workplace violence. However, because federal and state law governs the procedures and scope of background checks, a dentist should consult with an attorney familiar with federal and state law in this area before undertaking this process.

Write or e-mail the candidates whom you did not select to let them know of your decision and to thank them for their interest. In addition, tell them you will keep their name on file for future reference.

Job Descriptions and Procedure Manual

Written job descriptions and a procedure manual will help your employees understand and perform their duties. The job description should include a short statement about position and a list of duties. Sometimes duties are organized in daily, weekly, and monthly categories. When more than one employee works for you, make sure they understand their individual responsibilities, but emphasize that each must be flexible to perform other duties as needed, as allowable by state law.

For example, one duty for which all dental staff should assume responsibility is answering the telephone. Although your receptionist is generally responsible for this, other employees should be prepared to take over when necessary. Provide a list of people, such as your spouse and other family members, to whom you will speak whenever there is an emergency. Otherwise, direct your staff to take messages so you may return calls.

During the interview, try to avoid questions that can be answered simply "yes" or "no." Instead, ask open-ended questions that allow the applicant do the majority of talking.

Training Period

When your new employee begins, explain office policies in detail, answer questions, discuss compensation and benefits, and review office hours and length of training period.

A training period of 90 days is often used for evaluating new employees. During the training period you may decide to pay a salary/or hourly amount slightly lower than you would pay a full time employee. At the end of the training period discuss performance strengths and weaknesses candidly with the employee. If your employee handbook provides for a disciplinary process, that process should be followed if you are addressing performance problems.

If the new employee proves to be acceptable during the training period, increase the person's salary (if you have structured the training period as a lower salary time) and explain your employment review procedure, which should be done at least annually.

The American Dental Association offers many practice management products you may find helpful for your training efforts. For additional information, visit **adacatalog.org.**

Annual Review

The annual review allows employer and employee a frank discussion about performance, salary and any other situation that requires comment. Some consultants and experienced practitioners schedule compensation reviews 30 days after performance reviews to allow for corrections or expansion of duties where appropriate.

Employee Performance

When an employee's performance is inadequate, have a review meeting with the person as soon as possible. Describe your view of the situation and ask for an explanation. If probation is warranted, the procedure set forth in your employee handbook should be followed. Terminations should be made in accordance with state and federal employment laws and in consultation with your personal attorney.

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Salary and Compensation Policies

Salary and compensation levels depend on the local economy. To secure good talent, you must be willing to pay competitive wages.

How to Identify Possible Wage Levels

1. Check ads in the classified section to determine what other practices are offering.
2. Ask your dental supply dealer. They can be a good informal source of information.
3. Check articles and surveys published in various journals.
4. Check with the dental staff of an educational institution in your area.

Review the U.S. Department of Labor regulations **(www.dol.gov)** to make sure you are properly classifying your employees (exempt or nonexempt). The Fair Labor Standards Act (FLSA) establishes minimum wage, overtime pay, recordkeeping and child labor standards affecting fulltime and part-time workers in the private sector. The FLSA exempts from its coverage "any employee employed in a bona fide executive, administrative, or professional capacity." However, the exemptions are generally narrowly defined under FLSA and an employer should carefully check out the exact terms and conditions for each. Specific information is available from local wage-hour offices. Most states also have their own wage and hour laws and you should review those as well. Please note that employers *cannot* simply designate an employee as salary or hourly wage according to personal preference. The nature of the job dictates whether an employee should be paid on a salary or on an hourly basis. You should consult an attorney to make sure you are following correct procedures for your jurisdiction.

Compensation Policies

While the amount of compensation you offer may depend on local or regional economic factors, other aspects of your compensation policy will be your own personal choice.

A dentist could base salary increases and merit raises on three factors: 1) current

SAMPLE POLICY

We base pay increases in this practice upon merit. We determine raises by the performance level of the individual employee, as documented through the performance evaluation process. An employee whose performance is rated as meeting or exceeding job standards will be eligible to receive a merit raise on January 1 of each year. The amount of money available for merit raises varies from year to year due to business conditions.

economic trends; 2) practice profitability; and 3) the performance of the employee. All employees whose performance is rated as meeting or exceeding job requirements would be eligible to receive merit raises.

Increasing Your Staff

Your first employee is likely to have versatile skills, able to handle all allied dental personnel duties. As your practice expands, you may add other employees to help you increase your productivity. For efficient use of your allied dental personnel, you should delegate responsibilities. For example, while one employee maintains your business affairs, the other performs clinical duties.

You will want to employ additional allied dental personnel if your workforce is overloaded. Remember that the increase in production generated by the new staff member may be much higher than his or her salary and other expenses of employment.

Hiring a Dental Hygienist

At some time in the development of your practice, perhaps within the first year, you may want to add a dental hygienist to your team, even if it is for only one to two days per week. The timing of this addition is dependent upon many factors - some personal, some professional and all highly individualized.

One of the factors to be considered is your patient load. Tally the number of prophylaxes you do in an average week. If you spend one day a week (or eight hours total) on cleanings, as is commonly the case with a new practice, you may need to hire a hygienist to see patients one day per week. You can then increase your employed hygienist time in proportion to the patient demand.

Adding a hygienist to your practice may free you to concentrate on other dental treatment, while the hygienist performs routine prophylaxes and dental health education. Other advantages of hiring a hygienist include reducing the time a patient must wait for an appointment for treatment and adding another professional's positive influence on your patients, thus setting the stage for case acceptance. The dentist's enhanced ability to see patients on time and to see a greater number of patients each week adds a great deal to the productivity of the practice.

Staff Meetings

Staff meetings are an accepted way to discuss problems or other situations related to the practice, as well as to educate your employees. It is also a time to monitor office efficiency during the previous month and to discuss ways to improve patient care. Typically, dental practices hold a one-hour staff meeting every two weeks or a two-hour meeting once a month. Since staff meetings can contribute to the success of your practice, you should pay staff for attendance.

Develop an agenda to conduct a meeting in an orderly and efficient manner. A list posted out of public view should be provided to allow the staff to prepare for the meeting and contribute subjects to be explored at the meeting. The staff meeting allows you to evaluate your employees' opinions before making changes in office procedures.

Many dental teams hold a morning huddle each day, which is a brief meeting to update one

Since staff meetings can contribute to the success of your practice, you should pay staff for attendance.

another on the day ahead. Each staff member is given a copy of the day's schedule to review. The meeting allows each team member to discuss any special concerns about individual cases. Staff members are able to move smoothly from patient to patient and to optimize productivity. Emergency patients are scheduled as needed. Communication is enhanced and problems are identified early. The morning huddle is less structured than the regular team meeting.

The meeting allows each team member to discuss any special concerns about individual cases.

Web site Resources:

- *Centers for Disease Control and Prevention.* This organization has a wealth of information on workplace hazards.
- Bureau of Labor Statistics. This government resource features statistics on wages, earnings, benefits, productivity, and other issues.
- BusinessLaw.gov. This resource offers information on federal and state regulations and guides on managing employees.
- Equal Employment Opportunity Commission. This resource features regulations guidance for employees and employers.
- GovDocs.com. This resource offers federal and state labor laws posters.
- National Institute for Occupational Health and Safety. This resource offers information on just about any occupational topic that employees face in today's workplace.
- Occupational Safety and Health Administration (OSHA). This resource features OSHA regulations and compliance resources.
- Social Security Administration. This resource features on-line services and benefit information of the Social Security Administration.
- U.S. Department of Justice ADA Homepage. This resource offers Americans with Disabilities Act legal documents, publications, and other information.
- U.S. Department of Labor. This resource features information on labor laws, regulations, statistics, and other subjects.

Chapter 8:

Appointment Control

A well-managed appointment book is one of the most difficult and detail-oriented responsibilities of a dental practice. A person must be trained and experienced to succeed in appropriate time management for the dentist, assistants and hygienists—day after day.

General Concepts

The objective of a daily appointment schedule is to maintain a productive flow of patients through the office. Appointment scheduling is based on:

- the size of the patient pool
- the type of dentistry performed
- the style and philosophy of the dentist
- staffing considerations
- office facilities and equipment

The task of managing the appointment book is usually the responsibility of the receptionist or treatment coordinator. Whoever is responsible, appointments are made with patients as they leave the office or by phone. Sometimes appointments are made indirectly, by arranging tentative schedules and confirming them at a later date. An appointment book is a written record for the practice. It combines, on a daily basis, immediate patient demands, planned treatment or consultation with new patients, and routine care.

The Appointment Book

While most contemporary practices use a computer-based approach, this document refers to any scheduling system, whether manual or electronic, as an appointment book.

Software systems allow scheduling for various procedures and staff, including multiple dentists, hygienists, assistant and anesthetic time. Some of the many features available include the ability to:

- define the time increments between appointments
- track missed appointments
- use screen colors to indicate certain appointments types by procedures
- enter treatment notes about individual cases that transfer when the appointment time is changed
- run monthly reports that show future production, new patients and scheduled continuing care exams
- search for appointment openings that meet the requirements of time and procedure type

It is up to the doctor and staff to decide whether they wish to use a daily or weekly display schedule. A schedule showing multiple columns each day is useful in scheduling separate operatories or in providing individual columns for the dentist, hygienist or associate. Each entry should include the patient's name, telephone number, length of appointment time and service to be rendered. Note any new patients or patients with payment considerations and alert the office staff so they may take appropriate action.

With a computerized system, you must back up appointment data each night to avoid losing data in the event of a power outage or computer breakdown. Some dental offices back up data from the main computer to a second computer. Others back it up using some type of removable storage at regular intervals throughout the day. A multiple back-up system is recommended.

Emergency appointments should be seen on the day they are called in, at a time that minimizes the disruption of the established schedule. Many practices set aside a 30-minute time slot for emergency appointments, recognizing that a trauma appointment could take longer.

General Suggestions

In most offices, only one person, usually the receptionist, is responsible for making patient appointments. This person commonly recalls patients on schedule, reminds patients a day in advance of scheduled appointments, fills times in which appointments have been cancelled, and provides the staff with a daily schedule.

Many practices set aside a 30-minute time slot for emergency appointments, recognizing that a trauma appointment could take longer.

Block out of the book routine days off, holidays, vacations, lunch, unscheduled time to handle emergencies and meeting times. Note school vacation days when the practice will be open, because these days may prove to be busy if your practice sees many juvenile patients.

Remember to be considerate of your patients' time. Keep your patients informed when your dental office is running behind. Many patients do not mind a short wait if the staff is pleasant and courteous. What makes people frustrated about wait time is not knowing why, or how long the delay will be.

Convey a "time-is-valuable" attitude to patients. Demonstrating respect for the patient's time reinforces the concept that your time is important too.

Prescheduling

Consider separate appointments for examination, prophylaxis, diagnosis, and treatment planning. Don't try to cram too much into each patient appointment, because neither the clinician nor the patient will benefit.

On the other hand, your most difficult cases may benefit from extended appointments that last from one to four hours each. The advantages of making a longer appointment, rather than multiple appointments, for a patient who needs extensive care include increased office efficiency due to fewer seatings and fewer appointments for the patient. Fewer appointments mean reduced transportation time and cost, as well as less time away from work for the patient.

You may want to write a confirming letter to serve as a reminder for a special type of appointment or to reiterate a treatment plan or payment schedule. In simple terms, a confirming letter is a short business letter that communicates and documents decisions and agreements between the dentist and the patient.

In order to keep all prescheduled time booked, the person in charge of appointments should maintain a list of patients who can come to the office on short notice.

Cancellations and No-Shows

Cancellations and broken appointments result in lower productivity and lost revenue. Some practice management experts believe that cancellations and no shows would drop dramatically if all team members worked hard to elevate patients' understanding, appreciation and perceived value about the importance of each dental visit.

Some dentists may charge for a failed appointment, but others use the possibility of a missed appointment charge primarily as a deterrent. In terms of a broken appointment policy, most dental offices consider these scenarios broken appointments:

1) less than 24 hours notice before canceling or rescheduling; and 2) being 15 or more minutes late for an appointment. Again, prior notice and agreements by patients will help make such policies enforceable. Note any broken appointments in the patient's chart.

The following are some effective ways to reduce no-shows and cancellations and rescheduling approaches that can minimize lost revenue.

1. Try not to book patients weeks in advance. The length of time a patient must wait for an appointment can affect compliance.
2. Emphasize the need to notify the office of a cancellation, and pay attention if a patient signals dissatisfaction with a future appointment date, because this could signal a future cancellation or no-show.
3. Convey a "time-is-valuable" attitude to patients. Demonstrating respect for the patient's time reinforces the concept that your time is important too. If patient appointments are delayed, make a special effort to immediately and courteously inform the patient. Offer to reschedule, if necessary.
4. Establish a policy of calling no-shows at the time the patient should be at the office and and attempt to salvage part of the treatment visit, if possible.
5. Confirm appointments 24 hours in

advance. This practice reduces no-shows. Don't say, "I'm calling to remind you of your appointment." Instead say, "We're looking forward to seeing you."

6. Keep a list of patients who would prefer an appointment sooner than the one currently scheduled, and those who can come to the office within an hour. Use these patients to fill cancellation gaps.

Scheduling Treatment

If possible, base your scheduling on the use of two or more operatories and stagger patient arrival times for maximum efficiency. This way, you can examine a patient in one operatory while your assistant seats another patient and takes radiographs in the second operatory. The daily list of appointments provided for the staff should indicate schedules for each operatory.

If the patient has substantial dental care needs that require extensive treatment, briefly outline the problem and make an appointment to more fully discuss the patient's oral health status. Then present the consequences of doing nothing, in addition to presenting other treatment choices that can correct the problem.

Before the patient's next visit, complete your diagnosis and develop a treatment plan, including goals to be accomplished at each appointment, which in turn will determine the length of the appointments.

When a patient's treatment costs are covered by dental insurance, you may need to submit the treatment plan for determination of benefits before you begin treatment. The insurance company is only describing their benefits in this predetermination and is not authorizing you to go ahead with the therapy.

Schedule the patient's first treatment appointment at a time after you expect to receive the predetermination, unless the patient is willing to accept your treatment plan regardless of the level of benefits paid through insurance.

Be sure to inform patients that they are responsible for the account balance and that you are assisting them in this endeavor with the insurance company, if applicable.

Working with a Hygienist

If your practice includes a hygienist, your scheduling situation will be somewhat different. Discuss treatment time with your hygienist and schedule accordingly. Don't forget to include time for radiographs, patient education and your examination of the patient.

When your hygienist has completed the prophylaxis and radiographs, you can perform your oral examination before the hygienist dismisses the patient. This allows beginning discussion of treatment needs and options. The approach has the advantage of more dentist-patient contact but can lead to interruption of work. The hygienist updates the patient record and the dentist can review it prior to the patient exam.

Another method of handling the dentist exam would be for the hygienist to call or buzz the dentist prior to beginning the prophylaxis. This allows a longer time span and greater flexibility for the dentist to see the patient.

Continuing Care Systems

The purpose of a continuing care visit is not only to clean teeth and take necessary radiographs. This appointment also provides an opportunity to educate and motivate the patient, as well as to provide maintenance of every aspect of good dental health.

For patients whose restorative dentistry has been completed and whose hygiene is excellent, recalls may be primarily prophylactic. For patients who have chosen to accomplish their major dental restorative procedures at periodic intervals, this visit will also confirm that the original treatment plan remains valid.

A good system of providing continuing care to your patients can also be a good practice builder, encouraging a steady flow of patients rotating into the practice. Properly managed, it can help moderate slack times and congested periods in the appointment book.

Don't say, "I'm calling to remind you of your appointment." Instead say, "We're looking forward to seeing you."

Continuing Care Procedures

Recommend another appointment in six months or whatever length of time you feel is appropriate. The receptionist verifies the patient's contact information and preferred appointment time. The patient addresses an appointment reminder card to himself or herself, which the staff will mail later. When the patient receives the self-addressed reminder card, it increases the likelihood that the patient will call for an appointment. (Because "snail mail" is a less common day-to-day experience, a reminder delivered via snail mail may be more noticeable and memorable than an e-mail or voice mail reminder.)

A reminder delivered via snail mail may be more noticeable and memorable than an e-mail or voice mail reminder.

The patient information and appointment cards are clipped together and placed in a card file with monthly dividers and filed in the month that the continuing care appointment will be made. Two weeks before the appropriate time, the receptionist mails the reminder cards to the patients.

The receptionist or office manager can call the patient to confirm the appointment. If the patient cancels and does not request another appointment, re-file the patient information card for follow up.

Legal Considerations

Keep in mind that a continuing care system must comply with appropriate laws, including HIPAA and related state laws pertaining to privacy and security. While the HIPAA Privacy does not prohibit the use of postcards for reminding patients of appointments, it is important to limit the amount of information on the cards to only necessary information. Be prepared to honor the wishes of patients who do not want to receive postcards. Consult with your legal counsel as appropriate. The suggestions in this chapter reflect dental practice considerations only, and are not a substitute for legal advice. For additional information, HIPAA guidance and implementation manuals are available online at **ada.org.**

Chapter 9:

The Dental Record

Diligent and complete record keeping is extremely important for many reasons. Patient records document the course of treatment and may provide data that is useful in evaluating the quality of care the patient receives. Records also provide a means of communication between the treating dentist and any other doctor who will care for that patient. Complete and accurate records contain enough information to allow another provider who has no prior knowledge of the patient to know the patient's total dental experience. In addition, the dental record may be introduced in a legal proceeding to establish the diagnostic information that was obtained and the treatment that was rendered to the patient.

Paper Records, Electronic Records

Most dentists use computerized systems to maintain patient dental records. However, many practices still use paper charts. As a new dentist, you may find that the practice where you work as an associate, or the existing practice you hope to buy, may be using paper records, so both of these systems will be discussed. Regardless of the way the records are maintained, issues such as content, storage, ownership, and privacy are vitally important and often subject to federal and state law.

Content of the Dental Record

The information in the dental record should be clinical in nature. The record includes a patient's registration form with all the basic personal information.

The dental record must adhere to applicable legal requirements and will typically include the following:

- Database information (name, birth date, address, and contact information)
- Place of employment and telephone number
- General health and dental health questionnaires documentation and notes
- Progress and treatment notes
- Treatment plan notes
- Patient complaints and resolutions
- Mold and shade of teeth used in bridgework and dentures and shade of synthetics and plastics
- Telephone conversation notes
- Referral letters and consultations with referring or referral dentists
- Patient noncompliance and missed appointment notes
- Follow-up and periodic visit records
- Postoperative instructions (or reference to pamphlets given)
- Medication prescriptions and the dispensing of medication notes
- Radiographs
- Dismissal letter, if applicable

The dentist and dental team should be meticulous and thorough in dental office record-keeping tasks. The dentist, for example, should write notes immediately after a procedure or patient encounter, or authorize, where allowed by law, a staff member to enter certain notes that the dentist later will check. (Please see additional information in this chapter about who may make entries in the dental record.) All information in the dental record should be legible, and the person responsible for entering new information should sign and date the entry. The information should not be ambiguous. Abbreviations must be readily understood.

No financial information should be kept in the dental record. Insurance benefit breakdowns, insurance claims, and payments vouchers are not part of the patient's clinical record. Keep these financial records separate from the dental record. Keep in mind that these records, even if kept separately, may still be subject to HIPAA and other legal requirements.

If you are using paper records, the outside cover of the chart should only display the patient's name and/or the account number, unless more is required by state law or you need to flag a

No financial information should be kept in the dental record.

chart on the outside cover. If this is the case, use an abstract, in-office system (color or symbol coding) so that only your office staff will be able to decipher it. All medical notations belong inside the chart for only authorized personnel to see.

To protect the privacy of patient information, the outside covers of patient dental records should not contain any protected health information. Attaching a sticker to the outside cover of the patient record to alert workforce members to look inside a patient's chart for clinical considerations that can affect dental treatment (such as a patient's allergy, medication, antibiotic pre-medication). Do not include any protected health information on the sticker or outside cover. Applicable federal and state privacy and confidentiality laws (such as HIPAA) govern the steps a dental practice must take to protect patient information.Your professional liability insurance company and or personal legal counsel may have additional recommendations. Your professional liability insurance company and or personal legal counsel may have additional recommendations.

Part of your legal duty to the patient is to maintain a neat, legible record to provide continuity of care.

Who Makes Entries in the Record?

The dentist is ultimately responsible for the patient's chart. Some entries may be delegated to office staff if allowed by state law. The administrative assistant can record telephone calls; prescription changes; and canceled, changed, and failed appointments. The dental assistant can record the patient's comments, concerns and disposition; vital signs; medical history notations; radiographs and other diagnostic tools taken and used; and instructions given to the patient, etc. All entries should be initialed and/or signed by the team member writing the entry and also by the dentist.

If the dentist opts not to make his or her own entries, he or she should dictate what to enter to the assistant. The dentist should review the contents of the entry as soon as possible for accuracy and then sign or initial it.

How to Make Notes in the Record

Always think before you make an entry, especially if the remarks are complex in nature. You may want to jot down some of the facts on a piece of paper and then transcribe them in an organized way into the record. It is best to document while the patient is still in the office. The record is the single most important source of evidence in a liability claim.

According to some lawyers, if something is not written down in the chart, for legal defense purposes, it never happened. At a minimum, if it is not written down, it will be harder to prove in court.

Make sure all of your entries are objective in nature. Confine your comments to necessary information about the patient's treatment. Do not make unnecessary negative comments. A patient has a right to request to see their record (including personal notes you may keep in a separate chart), and should the record appear in a court case, disparaging remarks could alienate the judge and/or the jury.

Write legibly. Part of your legal duty to the patient is to maintain a neat, legible record to provide continuity of care. Accurate, legible records discourage litigation. Neatness and consistency also count. Attorneys look for inconsistencies in the record.

If you must use abbreviations or acronyms, make sure they are in common use (or can be easily explained) in your practice and avoid their overuse in record keeping. Those used should be clearly understood by those employees in the office with access to the record. Avoid the use of arcane symbols in record keeping. Also be aware that such usage could delay identification in a forensic investigation. It is a good idea to have a universal key readily available to all staff, or included in the chart, providing definitions for all abbreviations and acronyms. You may wish to refer to the *ADA's Dental Abbreviations, Symbols and Acronyms,* available on **ADA.org.**

There are times when it is necessary to make a correction. There is nothing wrong with a correction if handled properly. Here are some strategies for making proper corrections.

- Never obliterate an entry. In electronic records, the software program should track changes and additions to the record.
- In paper records, do not use markers or correction fluid. Some states may allow you to simply cross out, with a thin line, the wrong entry and make the appropriate change. Date and initial the change. The important factor is that you must be able to read the wrong entry.
- Records must not be damaged, destroyed, concealed, or obscured.
- Do not leave blank lines between entries. It's too tempting to add something at a later date, and it could be construed as an improper alteration.
- Do not squeeze in words or phrases, because this invites suspicion and may damage your credibility. If you remember something you wish to record at a later date, just make the entry chronologically, and refer to the date of the visit in question.

Any amendment to the record must comply with applicable laws. The HIPAA Privacy Rule specifies how covered entities must respond to a patient's request to amend his or her record.

Ownership

The dentist owns the physical record of the patient. He or she is the legal guardian of the chart. However, patients have certain rights of access to request, inspect, and obtain copies (or summaries or explanations) of their records. The dental team should be aware of HIPAA and the laws of their particular state governing this issue. The patient must be given access to inspect or copy his or her records according to the requirements that may be specified under HIPAA or applicable state law. These requirements may specify the timeframe, location, and form of access.

Under HIPAA, if a patient requests copies of his or her records, or agrees to the preparation of a summary or explanation, a covered entity may be permitted to charge a reasonable, cost-based fee for making the copies or for preparing the summary or explanation), and if the patient requests the copy, summary, or explanation be mailed, a reasonable, cost-based fee may be charged for postage. Non-covered entities must follow applicable state law with regard to allowable fees, and a HIPAA covered entity must comply with any applicable state law that is more stringent than HIPAA (in the case of such fees, a "more stringent" state law would provide for lower allowable fees than HIPAA).
A doctor may not refuse to release a patient's record just because a dental bill has not been paid. Prompt transfer to another practitioner can avoid any interruption of care for that patient.

Dentists also own radiographs, since they are an important part of the clinical record and cannot be interpreted by laypeople. Patients do have the right to obtain copies of their radiographs. The dentist should strive to provide the most useable copies of radiographs possible.

Never release original records, including radiographs, to anyone. Instead, provide copies. The one exception to this rule is if a government agency with proper authority, such as a court order, or in some states, a subpoena, requires the original records. If this situation occurs, you should make copies for your office. Request a receipt when forwarding original records.

Active and Inactive Patient Files

Most offices have two categories of patient records files: 1) Active and 2) Inactive. Active files hold the records of patients currently receiving dental care by the practice.

Inactive files are the records of former patients who have been treated in the office in the past but are not currently under care in the office. All records, active and inactive, should be maintained carefully to be certain that they are not destroyed or lost.

Patients have certain rights of access to request, inspect, and obtain copies (or summaries or explanations) of their records.

Retention

How long should you retain inactive patient records? Each of the following may provide a different answer:

- state laws
- participating-provider contracts HIPAA
- malpractice insurance carrier
- professional liability carrier

There are additional considerations. For instance, you may be advised to maintain the records of juvenile patients until they reach the age of majority. Because there are so many different requirements for record retention, the office should have a records retention policy, and all staff should be trained so that they understand it.

If storage space for paper records becomes a problem, the dentist may wish to consider converting these patient records to a digital format. Generally, study models are not considered part of the record. Diagnostic and/or treatment casts may be photographed and stored in some cases. As always, seek professional guidance to ensure that you are following all applicable laws.

Many medical facilities outsource record destruction.

Destruction

If your office decides to purge records as allowed by applicable laws, agreements, and entities (such as those suggested above), use caution since dental records include confidential information. Many medical facilities outsource record destruction. To find such a service, search under a topic such as "document destruction." A professional shredder service should sign your confidentiality agreement (and/or an appropriate HIPAA "Business Associate Agreement," if applicable) and should agree to promptly notify you and to indemnify you in the event of a breach in confidentiality. HIPAA requires covered entities to notify patients, the Department of Health and Human Services, and in some cases the media of a breach of unsecured patient health information, including a breach by a service or other HIPAA "Business Associate." Most services issue a "certificate of destruction," or the company may allow you or a staff member to witness the destruction. You may wish to check with personal legal counsel before destroying records.

Transfer

Due to the confidential and private nature of the dental record, before you disclose patient information, make sure that are complying with applicable laws and regulations and that you have any necessary written authorizations. Under HIPAA, a covered entity may make certain disclosures for "payment, treatment, and health care operations" (as defined by HIPAA) without the patient's authorization, provided the covered entity has provided a properly-worded Notice of Privacy Practice in compliance with HIPAA. Beyond such disclosures for treatment, payment or health care operations, a covered entity may require a patient's written authorization. Some states may have more strict requirements, such as requiring written consent to the Notice of Privacy Practices

Note: Under HIPAA, send only the minimum necessary information to respond to a request for data. For example, only send, or copy, the portion of the patient record that is requested or required. When sending records, make a notation in the patient's chart as to the date, where, and to whom the copies were sent. Make sure electronic records collect this data about disclosures as well, including disclosures for treatment, payment, and health care operations. The dental team should be instructed to never send anything out of the office without the dentist's knowledge and approval. It's also a good idea to keep a copy of a delivery receipt. This proves the records were sent.

Electronic Records and the Paperless Office

Dentists and staff should understand that using paperless records is not problem-free. Dentists should educate themselves about the legal, ethical, and technological issues that are related to electronic records, including whether state law mandates backup paper record-keeping. Some states may have "quill" laws that fail to recognize certain types of electronic records as valid in legal proceedings. Also consider

the security, confidentiality, integrity and availability of electronic records and how they must be protected to comply with HIPAA.

The information addressed earlier in the section titled *How to Make Notes in the Record* applies to electronic records as well. For example, a dental software program should not permit changes to entries in the patient chart section. Once an entry is made, the only way to change that entry should be to amend it in the form of adding a change, without being able to access the original entry.

E-mail Issues

Although e-mail is convenient, using it for patient care purposes raises significant considerations. Confidentiality is a concern, and there is simply no way to insure confidentiality when communicating via unsecured e-mail. It is difficult to confirm the identity of the people with whom you are corresponding, and e-mail could be misdirected in error or forwarded to an unknown third party. Patients should be made well aware of these risks and agree to accept them before you communicate with patients via e-mail. H HIPAA compliance program may include a consent form to be signed by a patient who wishes to authorize e-mail communications that references HIPAA requirements, along with the above concerns.

Informed Consent

The doctrine of informed consent requires health care providers to secure informed consent before treating patients. This begins with informing patients of the nature of the proposed treatment, the benefits and risks of such treatment, and the benefits and risks of the alternatives to treatment, including nontreatment.

The law's recognition of an individual's right to consent is based on the value our society places on privacy and self-determination. It is repeatedly stated in case law that every adult person of sound mind has the right to decide what should be done to his or her own body, and that consent in the absence of adequate information is equivalent to no consent at all.

At the time of this publication, a party suing a dentist alleging a lack of informed consent must often prove:

1. that a dentist-patient relationship existed;
2. that the dentist had a duty to disclose information;
3. that the dentist failed to provide some or all of this information;
4. that the patient would not have consented to treatment if the dentist had made a full disclosure; and
5. that the dentist's failure to disclose information was the cause of injury to the patient.

The scope of the dentist's duty of disclosure is governed by state law. In most states, a dentist is obligated to supply patients with the same information that would be provided by a "reasonable dentist in similar circumstances."

In cases of complex dental treatment, dentists are wise to implement a consent procedure centering on three major components: an oral discussion with the patient, the use of a written consent form, and documentation in the patient's record.

A parent's or guardian's signed consent for a minor's dental treatment helps assure better understanding of the treatment to be rendered and provides documentation that communication and understanding occurred. For techniques such as IV sedation or removal of impacted third molars, the use of detailed and specific consent forms are particularly helpful.

It is imperative that the dentist present treatment information in a manner that the patient can understand. You may want to prepare written statements setting out all relevant information pertaining to a given procedure or treatment to be given to the patient to read and consider before the oral discussion to assure better patient comprehension. Offer the patient an opportunity to ask questions. Then, when appropriate, prepare the form for the patient to sign reflecting his/her informed consent.

Although e-mail is convenient, using it for patient care purposes raises significant considerations.

HIPAA and Health Information Protection

The Health Insurance Portability and Accountability Act (HIPAA) can strongly affect the record-keeping practices of your dental office. HIPAA is a very broad piece of legislation, but the privacy and security standards within the regulations have the most potential impact for dental offices. In 2009, HIPAA was significantly amended by the HITECH Act (Health Information Technology for Economic and Clinical Health), which was part of the 2009 stimulus act (the American Recovery and Reinvestment Act of 2009, or "ARRA"). In addition to HIPAA, your office may be subject to state laws regarding privacy and security issues.

The HIPAA privacy component protects written, spoken, and electronic information and communications that contain individually identifiable health information.

The privacy component of HIPAA, which went into effect in 2003, establishes certain rights of patients to control how their information is used or disclosed by covered entities. For covered entities and their workforce members, it is a generally a violation of patients' HIPAA privacy rights to use or disclose individually identifiable health information without appropriate authorization for purposes other than treatment, obtaining payment for services, or health care operations (as defined by HIPAA) and certain other purposes, such as public health activities or reporting child abuse or neglect).

The HIPAA privacy component protects written, spoken, and electronic information and communications that contain individually identifiable health information. Every dental practice needs to determine whether or not it is a covered entity, assess the applicability of state privacy laws, and then implement whatever compliance measures are necessary.

The HIPAA security component, which is separate from and in addition to the privacy component, went into effect in 2005. In contrast to privacy, HIPAA security applies only to electronic patient information. Some of the security measures that covered entity dentists must implement to protect patient health information include administrative safeguards such as security policies and procedures, technical safeguards such as password protections and data backups, and physical safeguards such as limiting access to systems that store protected health information.

Dental offices subject to HIPAA must conduct their own individual written risk assessments, develop and implement policies, procedures documents (such as logs and forms) for HIPAA compliance, and train their workforce to comply with HIPAA. Since HIPAA regulations change frequently, it's a good idea to stay current about these issues, as well as your state laws regarding confidentiality, privacy, security and related issues. The changes brought about by the HITECH amendments include, for example, new requirements for Business Associate Agreements and marketing communications, certain enhanced patients rights, and a requirement that covered entities affected patients, the Department of Health and Human Services, and in some cases the media notify in the event of a breach of "unsecured" protected health information.

For additional information on HIPAA, visit the Web site of the U.S. Department of Health and Human Services Office for Civil Rights at **www.hhs.gov/ocr/hipaa** or the ADA Web site at **www.ADA.org.**

Good Records May Reduce the Likelihood of Lawsuits

Ideally, patient records can also help to prevent lawsuits. If the records are clear, concise, accurate and current, they serve as a vital communication link between the patient and practitioner, as well as between the practitioner and other health providers involved with the patient's care. These records also serve as a reminder and source of evaluation of the patient's short- and long-term dental care needs.

For all of these reasons, patient records and radiographs should not be destroyed, and great care should be taken to prevent their loss. If the original records are demanded under court order, a copy should be retained and a receipt for the originals obtained.

If the patient, the patient's attorney, an insurance carrier or another health provider requests copies of the records, the originals should – subject to HIPAA and state law — either be photocopied or made available for inspection at the practitioner's office. The original records should not be given unless demanded by a court order.

For additional information on this topic, search for *Dental Records* at **www.ada.org.**

Chapter 10:

Practice Management Systems and Finances

Practice Management Systems

Typically, a practice management system is used for insurance information management, electronic billing, accounts receivable management, scheduling, and treatment histories. Some practices will opt for clinical modules with charting, interfaces for digital x-ray and photographic imaging, while others will use only the most basic hardware and software combinations. There are as many solutions as there are practices.

Not all new practices will have the resources for a top-shelf information system. What kind of office system offers the best return on the initial investment? That will depend on the practice. A fee-for-service dentist or specialist who has to send supporting narratives and x-rays with most claims may not find electronic billing beneficial, so scheduling, accounts receivable, charting, and possibly digital imaging or scanning would be more desirable.

Contact Vendors

Selecting the right vendor begins with contacting a number of suitable candidates based on the practice's requirements for system performance and its available resources. The ADA has an online directory of practice management system vendors and software-related resources at **www.ada.org.** The directory contains pricing, contact information, and specifications for systems and their vendors.

Many vendors provide a free demonstration of their products on a Web site. In addition to the demonstration, request a list of clients from each vendor and talk to current users of the system.

When checking these references, pay attention to the type of practice that is using the system, patient demographics, the health plans that the practice bills most often, what the system looks like in action, how easy or confusing it appears, how much the system costs, what hardware is necessary to run it, how does the system handle daily tasks, and how well the system meets any special needs you may have identified. From these experiences, try to determine how well the system might fit your practice. Be sure to ask about the frequency of hardware and software upgrades and associated costs. Before making the decision to commit to a vendor, it is important to understand that an information system and its components are not a one-time expense. Regular upgrades to both hardware and software are essential and should be figured into any offer sheet. If the annual expense seems too great, it may be wise to consider other options.

Ask vendors about HIPAA considerations, including functions related to HIPAA privacy and security compliance.

If you are considering the HITECH reimbursement incentives for electronic health record (EHR) adoption, keep in mind that reimbursement will require, among other things, that the EHR be certified and comply with "meaningful use" requirements. Understand the requirements for HITECH reimbursement incentives and discuss these topics with vendors prior to making a commitment.

What are the other options? For the small practice that does not have the resources for a high-caliber practice management system, there are less expensive choices, such as entry-level practice management systems, stand-alone electronic billing applications, and generic accounting applications. Keep in mind these will need to be upgraded periodically, along with the hardware. Plan to replace computers approximately every four years.

Shopping for Software

The most important feature of any practice management system is not as easily acquired as a powerful server, 17-inch flat monitors, network boxes and cables, or adequately designed software. It is the client's relationship with the developers and distributors of the system that make the system relatively trouble-free or a nightmare.

One of the first steps a practice should take is to assess its needs. In the case of a very small practice, a well-constructed benefits information and claims billing module with compatible

There are as many solutions as there are practices.

equipment can be a very good fit. When assessing a practice's office computer needs, it is reasonable to ask questions similar to the ones below.

- How much time do main providers (dentists and hygienists) spend on administrative tasks that may be automated? How much additional production time could be freed by a new system?
- Is the practice growing faster than present administrative staff capabilities? Is there a shortage of space for current patient financial records?
- What is the most time-consuming task of daily office administration?
- Is the practice currently using an older system? What is good about it? What could be better?
- How technologically literate are the main providers and staff? Your staff will require time for training to become accustomed to a new system and use it to full capacity. Ultimately, the system should allow staff increased time for patient care.
- How much disruption would implementing a new practice management system cause? Examine the specifications of the system itself. Vendors should provide free demonstrations of software. Be sure to include the dental team members who will be expected to use the systems.

How is the product distributed, supported, and trained?

The following is a list of subjects to address with a potential software vendor.

- User base. How many people have purchased the system? How many of these clients still use it? Who are they?
- Market orientation. What types of users make up the majority of the system's customer base, such as specialists, generalists, large multi-doctor practices, small government clinics?
- Installation base in the client's particular specialty. How well has the vendor supported practices similar to the client's?
- Geographic location of installers, support, staff and training centers. How accessible are they?
- Product distribution. How is the product distributed, supported, and trained?
- Software packages. What other software packages are sold and supported by the company? Are other software products necessary to operate the system? Some systems need the addition of another independently sold package (beyond an operating system) to maximize their performance. Examples might be a reporting package, or perhaps a non-standard and expensive graphics package. How do features support HIPAA compliance for safeguarding patients' protected health information? For example, what are the access control, audit control, and transmission security features? Is data "secured" according to the guidelines in the HHS Breach Notification Rule?
- Reporting. It may be useful to talk to users of several different systems and find out which reports they use the most.
- Data base management system. Is the program built on a database management system? A relational database system is especially desirable for its ability to form the heart of a tightly integrated system and its flexibility in generating reports.
- Endorsements. What clinical, practice management, or computer experts have endorsed this product? Researching periodicals that have published recent articles comparing software products can provide some insight.
- Installation process. How difficult is it likely to be? Is it a turnkey system?
- Customer satisfaction. Has a customer satisfaction survey ever been performed? What percentage of users responded? What were their responses?
- Number of users. How many users can the system handle at one time before major performance degradation occurs? How many authorized users are licensed? Can additional users be licensed later, and at what cost?
- Size. What is the typical system configuration of this product? This question can help to

prevent a poor fit between system and practice.

- Remote access. Can you access the system from a remote site? This is most convenient for working at home or another remote site, such as a file storage facility for old records.
- Network capabilities. Does it work over a Wide Area Network? This would allow a multi-site practice to use the same network. Like potential remote users, a multi-site practice that wants to acquire an integrated multi-site network needs to make certain its network connections are of sufficient bandwidth to ensure a speedy and efficient network.
- Hardware requirements. Check the vendor's recommendations against the hardware recommendations. For best performance, follow the vendor's recommendations for optimal performance.
- Software capabilities. What does the software do? Does it handle charting, accounts receivables, patient care management, payroll?
- Upgrades. How frequently does the vendor offer upgrades, and at what cost?
- Guarantees. What product and service guarantees are available?
- Warranties. What warranties are available? Warranties have the potential to save a practice a lot of money should some component of the system prove defective.
- Maintenance agreements. What is included in the maintenance agreement? What is excluded from the maintenance agreement? Most vendors include upgrades with these maintenance agreements. This can reduce or eliminate the need to buy a completely new system every three to four years. The cost is spread out over time, rather than taken all at once.
- Tech support. Is tech support available 24/7? How is it provided? What is the cost and how is it calculated?

Financial Records

Computerized bookkeeping systems can track, organize, calculate and even forecast the finances of the dental practice. Most of these systems also bill patients, customize messages for patients, bill insurance companies, produce accounting reports, track patient treatment, and perform other tasks. Select a bookkeeping system that is easy to understand, provides the complete and concise information you need to prepare accurate tax records, guards against theft and employee error, and helps you assess your personal financial progress.

Electronic Transactions

For those practices that can benefit from using them, electronic transactions will continue to offer better and better performance. Under HIPAA transaction and code set rules, all compliant clearinghouses will have the ability to provide a full array of transaction services to all payors who accept electronic transactions. This means that a much greater percentage of claims can be billed electronically.

A dental practice that transmits health information in electronic form in connection with a transaction covered by HIPAA (or that has such information transmitted on its behalf) is a HIPAA covered entity and must comply with HIPAA Privacy and Security by conducting its own individual risk assessment, and by developing and implementing the necessary policies, procedures, and workforce training.

To maximize the benefits of electronic transactions, a practice should select a software vendor/clearinghouse combination that provides the following electronic transaction services:

- eligibility inquiry and response
- dental claims
- claims status inquiry and response
- referral and authorization
- payment and remittance advice
- coordination of Benefits

Is tech support available 24/7? How is it provided? What is the cost and how is it calculated?

Other Financial Records

Petty cash

The petty cash fund is a resource that allows the practice to meet small daily expenses. Generally, $25 to $50 in small denominations will be sufficient. A person authorized to spend petty cash should take an amount sufficient to buy the item, returning any change and a dated receipt equal to the amount of the purchase. At any time, the total of money and receipts in the petty cash box should equal the sum originally placed there. To replenish petty cash, write a check equal to the amount of the receipts in the box, placing the receipts in a monthly receipt envelope.

When it comes to taxes and their records, a basic rule of thumb is — save everything!

Change funds

If patients pay in cash, the change fund enables you to make change for those patients who choose to pay in cash. This fund, like the petty cash fund, should contain a determined amount of cash, in small and varied denominations.

Expense Records

The following tips will ensure the accuracy of your expense records. 1. Pay every bill by check and pay only from an invoice. This way your canceled check and invoice serve as dual records of any transaction.

2. Record both the check number and the date on the invoice. File the invoice by payee's name. If you need to refer to a particular expense item, simply consult the file, where your check number and date will be cross-referenced.

3. When paying wages, remember to itemize all deductions for federal income tax, social security state/local income tax, as well as any fringe benefit categories for which your employees are charged. List these as legitimate business expenses.

4. Arrange for your bank to issue your bank statement at the end of each month, to simplify the monthly checkbook reconciliation.

5. On a monthly or quarterly basis, subtract the total expenses recorded in your expense system from the total income noted in your income system. The balance is net income. This income statement will help you gauge your financial progress and estimate income tax liability.

Taxes

When it comes to taxes and their records, a basic rule of thumb is — save everything! Your receipts and records will be invaluable when discussing your practice with your accountant or the Internal Revenue Service. As with legal matters, no manual or guidebook can substitute for the advice of a qualified professional. However, it is up to you to know your own responsibilities regarding state or city income tax, unemployment compensation tax, employer's head tax and other county taxes.

As the owner of a small business, you may be responsible for filing quarterly federal and state income tax estimates, annual federal and state income tax returns, quarterly federal and state payroll tax deposits, federal and state payroll tax returns, federal and state unemployment tax returns, annual wage and tax statements (W-2s), federal and state corporate income tax returns, and federal and state corporate income tax deposits.

To one degree or another, you are liable for each of these potential obligations. This list is by no means complete, and you should review your obligations with your tax advisor. Due to the complexity of government regulations, it is often a good idea to arrange an annual payment schedule. All important dates should be noted, so you will not omit payment of any of your obligations. This listing should include income tax liabilities, as well as obligations to insurance companies and others to whom you make regular payments.

Tax Records

Retain your records at least until the obligation of your income tax return expires under the statute of limitations. Under current law, a good rule of thumb is to retain these records for seven years from the filing or due date, or from the date the tax was paid, whichever occurs last. This includes all receipts, canceled checks, and any other evidence to prove amounts you have claimed as income and deductions. To learn more about the basics of setting up your practice finances, consider attending continuing education courses or take online courses, such as those offered by the U.S. Small Business Administration **(http://www.sba.gov/services/training/onlinecourses/index.html)** Records of transactions relating to the basis (value) of property should be kept for as long as they are meaningful in determining the tax basis of the original or replacement property. Note: Also keep copies of tax returns; they may help you to prepare future returns.

Keep copies of tax returns; they may help you to prepare future returns.

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NOTES:

Chapter 11:

Patient Payment Plans and Collections

Because fear of cost is one of the top three reasons patients don't go do the dentist, effective communication in the discussion of fees with your patients in advance of and throughout the treatment process is important. Remember, most treatment is not anticipated, so most patients have not planned for what may be costly and prolonged professional care. Your patients' care will be enhanced when you arrange financial matters with businesslike efficiency, kindness and consideration.

It should be noted that payment and collection policies are highly regulated — be sure to consult with an attorney to ensure that you are in compliance with all regulations for your jurisdiction.

Many offices procrastinate when it comes to discussing fees and collection policies with patients. To obtain good collection ratios, one must come to terms with fee discussion. Patients are rarely embarrassed by such discussions if they are handled tactfully. The time to discuss fees and payment arrangements is before extensive treatment begins. Provide an opportunity for the patient to ask questions. Your staff should explain the investment of treatment in detail and discuss the subject in a straightforward manner. These discussions should be conducted in a private area where payment plan options, insurance and payment can be explained without other patients overhearing the conversation.

The patient should be apprised of your office's financial policy including credit and collection procedures at the first visit or when the treatment plan is presented. A good lead-in question to ask is, "Is there any dental insurance we need to be aware of?" Depending on the response, this is an excellent time to tell the patient about your office policy regarding insurance, and to present flexible financial options so the patient's financial considerations do not stand in the way of the patient following yourtreatment recommendations.

Dental Office Financial Policy

A successful financial system is based on clearly defined office policies and procedures concerning fees, billing and payment; complete understanding of those policies and procedures by each staff member; effective and consistent communication of those policies and procedures to each patient, both verbally and in writing, before, during and after treatment; and the appropriate systems to record and monitor the necessary information accurately, timely and consistently by one specific staff member.

Financial policy statements should include:

- a clear description of when payment is to be made
- the payment methods accepted, such as insurance, cash, check or credit cards
- available patient financing from outside services
- office policy with respect to penalties for late payments
- full disclosure in compliance with applicable laws of any interest that will be charged to overdue accounts

EXAMPLE OF A FINANCIAL POLICY STATEMENT

"Payment for services are due at the time of the visit unless other arrangements have been made. We accept most traditional insurance policies. Patients with dental insurance must take care of their part not covered by the insurance at the time of treatment. We will be happy to discuss any special needs in the handling of your account. We accept cash, checks and credit cards ."

The extension of credit by the practice to the patient is an unattractive option due to the possibility of non-payment and the expense of collections. A popular patient payment option is no-interest patient financing offered by an outside patient financing company. The three major benefits of using an outside patient financing program are:

- payment at time of treatment, with no recourse
- increased treatment acceptance

- revolving line of credit that can be used for the whole family for ongoing treatment

There are numerous variations that can either help or hinder the collection process, including third-party payment/assignment and special financial arrangements with a "truth in lending statement."

Time-of-service Payments

For patients requiring routine care or minimal treatment, you should adopt — and enforce — a formal office policy. Time-of-service collection will help you both avoid the high cost of sending bills and will increase your cash flow. Many dental offices post the following notice to publicize their policy:

SAMPLE NOTICE

"Due to the increased cost of billing and bookkeeping services, payment is expected the day of service.

Thank You."

Such a statement does not generally offend patients. For maximum effectiveness, include copies with billing notices, post the policy in your reception room, and be sure that your staff conscientiously implements the policy. The policy should be mentioned to the patient in phone conversations and printed on the reminder card sent before the dental visit. This way patients will be more likely to bring the cash payment with them.

Presenting Payment Alternatives

Fees for extensive dental care should be outlined at the case consultation, and the treatment plan should contain a formal statement of the acceptable methods of payment. This statement is best typed on a sheet separate from that of the treatment plan. Give the patient a choice of three or four methods of payment.

The choice given the patient should be whether He or she will pay by cash, check, credit card, or an outside payment plan, not whether he or she will pay immediately or be billed. The assistant might say, "Mr. Brown, today's fee is $_____. Will that be cash, check, credit card or our no-interest payment option?" If the patient says, "Bill me," the assistant should remind the patient politely of the office's financial policy, and remind the patient that, as a service to patients, the practice offers a patient financing program that offers no-interest plans.

Send a letter confirming both the treatment plan and the agreed method of payment after the case discussion.

In-House Billing

The success of your billing system depends on follow up. You or your assistant should routinely monitor the financial status of each account and send bills, even though payment plans have been approved and truth-in-lending statements signed. Problems should be brought to the attention of the patient immediately, both to avoid additional charges and to determine problem areas.

All accounts should be monitored by utilizing your accounts receivable aging reports in your practice management software. This tool will allow the status of the account to be assessed, along with an immediate determination of those patients who are not complying with the terms of payment.

The accounts receivable aging report is analyzed ten days after each billing period. Current bills (treatment performed within the past 30 days) are sent to the patient devoid of any special memos or notations. A second billing (31-60 days) should include a reminder that payment is due, such as "Your payment is beyond the time established by you to pay your account. Your immediate payment is appreciated." This note should be handwritten rather than printed on the computer. This will create a greater awareness that the message has been conveyed personally, and thus encourage a more prompt response.

In addition, personal calls can be very effective. Be courteous and remind the patient of the account, determine if a problem exists, and ask when they plan to pay.

Patients receiving a third billing (61-90 days) should receive a statement with a stronger memo. One possible note might be as follows: "Your account is considerably overdue. If payment cannot be made in full, please call the office immediately so that your account can be settled." If payment is not made within ten days, this patient should receive a telephone call and a firm arrangement should be established.

How to handle the patient who still does not respond, even after all of the previous attempts have been made, is a subtle matter. The dental practice in the position of being owed payment is generally perceived by the patient as having very little collection capability. It is in this case that creating third-party credibility becomes very effective. A letter from the dental practice introducing the entry of a third -party collection source will often solve the problem.

A typical letter might read as follows: "We have been informed by our accounting firm that because your account is considerably overdue, it will be turned over to an attorney for immediate legal action if complete payment of your balance is not made immediately." This correspondence creates the image of the account now being controlled by a stronger outside source. It is now strictly an accounting decision, and no longer in the hands of the doctor and staff. This will create greater credibility and enhance the collection process.

In summary, it is essential that there be continual communications between the office and the patient throughout the treatment process. Reinforcement of a payment agreement that has been clearly established between the patient and the office will not inhibit the doctor-staff-patient relationship. In actuality, it will prevent misunderstandings that could have a destructive influence on a patient's relationship with the practice. People are honest, but if they feel the doctor is indifferent about payment for services, they will direct their payment priorities to a source perceived as more concerned about prompt remittance. You should have the dental assistant or receptionist designated as your business manager handle financial arrangements, check the progress of accounts, discuss the difficulties with patients, and adjust payment plans as necessary. However, you must be able and prepared to step into negotiations whenever the business manager needs your help.

Special Circumstances

Occasionally, a patient will have a legitimate reason for not making payments as scheduled, such as loss of job, unexpected major expenses, etc. When the patient tells you of a financial hardship that has affected his or her payments, thank the patient for sharing the information with you and try to arrange mutually-agreeable alternatives. You might say, "We're sorry to hear that you lost your job. It's good, though, that you have told us. Let's reduce your payments from $60 a month to $40 each for the next three months and then return to the old schedule." In any such case, the dentist should never let the patient choose his or her own course of action. Instead, give a choice of alternatives, all of which are acceptable to you.

You must be able and prepared to step into negotiations whenever the business manager needs your help.

Collecting Delinquent Accounts

You may choose to handle delinquent accounts in-house or hire an outside collection agency to collect delinquent accounts. An outside party can free up your staff to focus on other tasks in the office while the fee recovering company handles the sometimes unpleasant task of collections. Using an outside party can depersonalize the process for the patient and your staff, allowing you to maintain a positive relationship with your patients.

After four months (120 days) you should consult with your attorney regarding collection versus possible malpractice exposures.

If the patient makes a payment during the process, the cycle should begin again, unless the payment is so small that you feel the patient is not genuinely trying to reduce the balance. In this case, notify the patient to increase the frequency or amount of his payments.

Interest:

Charging interest on overdue accounts is subject to federal and state law and regulations and should not be attempted without the advice of an attorney.

Accepting Credit Cards

Part of starting your new practice will involve enabling credit and debit card acceptance. Partner with a company that processes cards that can help you establish card acceptance, with a terminal, software, and other necessities. Card acceptance speeds cash flow, ensure complete payments and simplifies collections.

Make sure that your practice is flexible enough to accommodate all forms of payment.

To locate a processor, you may wish to ask other dentists for recommendations, or you can approach your bank for a recommendation. Keep in mind that a bank will recommend the processor with which it is associated, not necessarily the one that provides the best service.

The Payment Card Industry Security Standards Council (the "Payment Card Council") has mandated data security standards (the "Payment Card Standards") that must be satisfied by all "merchants." Any business, including a dental office, that is set up to accept credit or debit cards as payment for goods or services is considered a "merchant" by the Payment Card Council.

Merchants must satisfy twelve elements of a program for maintaining the security of credit card information. The requirements include many technical elements such as maintaining data firewalls, encryption and anti-virus protections, as well as certain policy elements. A complete list of the requirements can be found at the Payment Card Council Web site,

https://www.pcisecuritystandards.org/security_standards/pci_dss.shtml. Merchants may need IT professionals to help them comply with these standards.

To satisfy Payment Card Standards, merchants must complete a self-assessment questionnaire and an attestation of compliance. The forms are on the Web at https://www.pcisecuritystandards.org/saq/index.shtml. According to the Payment Card Council Web site, all merchants are required to be 100 percent compliant with Payment Card Standards at the present time. However, the credit card companies that are members of the Payment Card Council treat merchants differently, according to the volume of transactions the merchant handles. A merchant that handles 1 million or fewer transactions is at "level 4." Some credit card companies are not yet requiring level 4 merchants to comply.

The Payment Card Standards are not laws. They are a set of security standards agreed to by the credit card companies that are members of the Payment Card Council. The Payment Card Standards apply to merchants through their agreements with credit card companies. A merchant that does not comply may be subject to financial penalties and may be prevented from processing credit card transactions, depending on the terms of the agreement. Review your credit card service provider agreements or call the service provider to determine the requirements that apply to your dental practice.

Benefits of Accepting All Forms of Payment

Make sure that your practice is flexible enough to accommodate all forms of payment. Consumers demand choice and convenience, which means they are increasingly opting for electronic payment methods, not cash or checks. Nearly one in every three consumer purchases in the United States is made with a payment card — including credit, debit, and prepaid products. Cardholders alone conduct more than $1 trillion in annual volume.

Visa, MasterCard, American Express, Discover and pin-based debit cards have large and loyal followings. While one customer might value the simplicity of a check card, another may prefer the flexibility of pin-based debit. People love their convenience and debit cards ensure businesses are paid in full — quickly and at lower transactions costs. In today's electronic world, the need for acceptance is being demanded more and more by the consumer. Pin-based debit is a less expensive transaction to you and eliminates your risk of customer disputes.

Chapter 12:

Patient Dental Benefits

Communication rests at the core of any good dentist/patient/third-party payer relationship and is more effective when everyone understands their roles. The *dentist* uses his or her clinical judgment to determine the best treatment for the patient and establishes a fee for each service rendered. The *patient* is expected to be at the office to receive services according to the treatment plan and has financial responsibility for payment. Payments may be made directly to the dentist, or with assistance from the *third-party payer,* if any. The third-party payer, when there is one, determines the payment it will make, based on the services reported on a claim and the coverage provisions (such as limitations and exclusions) of the dental benefit plan purchased by the patient's employer. The third-party payer does not, however, determine the treatment.

If a dentist has signed a participating provider agreement with a third-party payer, that contract may place a limit on the dentist's fees for services to patients with coverage from that third-party payer. Additionally, this provider contract may preclude balance billing of the patient for services. In some cases, the participating provider agreement may preclude billing the patient at all for certain services in particular situations.

In spite of the limitations of some plans, dental benefits can be an asset to your practice. Both your cash flow and level of patient satisfaction may grow with good relations between your patients and third-party payers.

Patient Understanding

The dentist-patient relationship is most important; the third-party payer merely provides a source of payment assistance. Thus, the dentist is directly responsible to the patient for professional services, and the patient is directly responsible to the dentist for payment unless the benefits are directly assigned to the dentist. All patients should be treated impartially, receiving equivalent fee and treatment consideration, regardless of their insurance status. This is not to suggest that dentists must charge all patients the lowest fee set by a participating provider agreement.

When discussing treatment plans and payment practices with patients, share your experiences regarding dental benefit plans that you have experienced. Let your patient know that the benefits may change over time. Summaries should include: maximum annual and lifetime benefits; deductibles; predetermination limits; co-insurance factors; reimbursement amounts available from the payer (sometimes termed "UCR", usual, customary and reasonable) percentages or scheduled benefits; toll-free telephone numbers; persons to contact in the employer's and third -party payer's office; coverage of preventive services; and orthodontic coverage.

Your primary concern is the dental care needs of the patient; that point is the one you should emphasize. Stress that a third-party payer's payment benefits plan coverage limitations and exclusions.

Dental Benefit Processing

A common complaint in the dental profession concerns the time involved in processing insurance forms. For ease of claim form completion, establish efficient office procedures to handle benefit program paperwork.

Keep the dental benefit file separate from the patient record files, so the status of any claim can be readily determined. Check these files frequently for claims requiring attention. Mark the files of patients who are covered by a dental benefit program. This allows the insurance processing to be initiated by your staff in a timely fashion.

Summarize your policies about accepting assignment in a written statement. Use it to guide your discussion with patients and provide copies during case presentations.

Predetermination

Depending on the benefit program, you may need to file a predetermination form. Submission of a treatment plan for procedures that will cost $150-$250 or more is typically required. This allows a predetermination of the amount of benefits payable upon completion of the treatment. Keep in mind that a predetermination of benefits is not a guarantee of payment.

Both your cash flow and level of patient satisfaction may grow with good relations between your patients and third-party payers.

Many offices use the ADA-approved dental claim form to file for predetermination. Keep a folder of pending insurance predeterminations for follow-up purposes. All ADA claim forms are available online at **adacatalog.org.**

National Provider Identifier (NPI)

NPI is the nationwide standard to identify dentists and other health care providers. The ADA Dental Claim Form and electronic claims support reporting of NPI in addition to third-party payer proprietary provider identifiers (ID).

NPI is the nationwide standard to identify dentists and other health care providers.

Claim Submission

When treatment is complete, submit the original claim to the third-party payer and keep a copy of the claim in your payment pending insurance file. This duplicate should contain all pertinent information so, if the original is lost, the facts are easily accessible.

If a dentist runs into a dispute with an insurance company, one possible option to settle the dispute is to initiate peer review through your local dental society.

Electronic Claims Submission

Insurance companies and health care practice management companies are using the Internet and other technologies to process claims electronically. Use of electronic transactions can reduce health care administration costs. Administrative costs is one factor that affects a dentist's fee schedule, or a third-party payer's premium charge. When considering electronic claim submission, please be sure that the applicable HIPAA standard transaction is being used.

Third-party Contracts: Should You Sign?

Your decision to join a third-party system (DHMO, PPO, IPA, etc.) is a professional one that can significantly affect your practice. The ADA encourages dentists to make any such business decisions, including whether and how to participate in the plans, following diligent investigation and weighing the pros and cons.

As with any business decision, it is prudent to begin with consideration of the effects the proposal will have on the business aspects of the practice and whether it can advance the practice's long-range goals. If the proposal is attractive financially, the legal and financial aspects of the proposal should be carefully considered to be certain that there are adequate protections for the dentist. At this point, your personal financial and/or legal counsel can provide valuable professional advice and assist you in negotiating terms that are important to you.

The ADA offers a contract analysis service that analyzes legal aspects of proposed written contracts between individual dentists and third-party dental benefit organizations and makes the analysis available to members as a matter of the highest priority. This contract analysis service does not provide individualized legal advice for members, and in no way takes the place of the member's own attorney. Nor does it provide practice advice. Contact your state dental society or the American Dental Association contract analysis service for more information.

For more information regarding specific plans, please contact the National Committee on Quality Assurance (NCQA) at **www.ncqa.org.** Another good resource for dentists who participate in numerous plans is the Coalition for Affordable Quality Healthcare (CAQH). Contact them at **www.CAQH.org.**

Types of Dental Benefit Plans

There are several different types of dental benefit plans in the market today. The seven most common types of plans are discussed below.

Direct Reimbursement

Direct Reimbursement (DR®) is a self-funded dental benefits plan that reimburses patients according to dollars spent on dental care and not the type of treatment received. It allows the patient complete freedom to choose any dentist. Instead of paying monthly insurance premiums, even for employees who don't use the dentist, employers pay a percentage of actual treatments received. Moreover, employers are removed from the potential responsibility

of influencing treatment decisions due to plan selection or sponsorship. DR is the ADA's preferred method of financing dental treatment.

The design of the DR plan is selected by the employer to fit the employer's budget, and can therefore vary widely among companies. For example, one plan may reimburse 100% of the first $200 of dental expenses, 80% of the next $250, and 50% of the next $2,200, resulting in a total annual maximum benefit of $1,500 per covered individual. Another company may reimburse 50% of the first $3,000 of dental expenses, also resulting in a total annual maximum benefit of $1,500 per covered individual. The totals can be individual or family maximums.

A DR plan may also permit employees to pay their share of their dental expenses on a before-tax basis by establishing dental flex accounts. Flex accounts are funded by employees with pre-tax paycheck withholding, and can be used to pay dental expenses that are not covered by the DR plan design. In addition to the employee's tax savings, the employer benefits because the amounts withheld from the employees' paychecks are not subject to FICA taxes. Flex accounts must comply with IRS regulations to insure that the payments qualify for pre-tax treatment.

The ADA, as well as state dental societies, brokers and benefits consultants can assist a company in estimating how different designs will affect costs. Members can call the ADA at its toll-free number to use this service. Access more information on direct reimbursement on **ADA.org.**

Indemnity

An indemnity dental plan is sometimes called "traditional" insurance. In this type of plan, an insurance company pays claims based on the procedures performed, usually as a percentage of the charges. Generally, an indemnity plan allows patients to choose their own dentists, but it may also be paired with a PPO.

Most plans have a maximum allowance for each procedure they refer to as "UCR" or "Usual, Customary or Reasonable" fee. A common misperception is that the terms Usual, Customary and Reasonable are interchangeable; they are not. The dental office determines its Usual or Reasonable fee. The insurance company's fee limits are called Customary, but they may or may not reflect the fees that area dentists charge. The fee the insurance company determines to be customary may be lower than the area's average professional fee for the same services. There is no universally accepted method for determining a customary fee schedule, which may vary a great deal among plans, even when those plans operate in the same area. Insurance companies usually do not disclose how their fee schedules are determined. Reimbursement is made according to the patient's plan of benefits.

The benefit paid will generally be based on a percentage of the insurance company's fee schedule. Patients often do not know what their out-of-pockets costs will be, because third-party payers generally do not release their fee schedule maximums to the public. The UCR element is not exclusive to indemnity plan types.

Preferred Provider Organization (PPO)

A PPO plan is regular indemnity insurance combined with a network of dentists under contract to the insurance company to deliver specified services for set fees and according to the provisions of the contract. Contracted dentists must usually accept the maximum allowable fee as dictated by the plan, but noncontracted dentists may have fees either higher or lower than the plan allowance. Patients can usually see either a contracted dentist or another dentist, but may be penalized by receiving a smaller benefit when they receive treatment from a non-contracted dentist.

Dental Health Maintenance

Organization/Capitation Plan/Pre-Paid Plans
A dental health maintenance organization (DHMO) is a c ommon example of a capitation plan. Under a capitation plan, contracted dentists are prepaid a certain amount each month for each patient that has designated or been assigned to that dentist. Dentists must then provide certain contracted services at no cost or a reduced cost to those patients. The plan usually does not reimburse the dentist or patient for individual services, and therefore

The insurance company's fee limits are called Customary, but they may or may not reflect the fees that area dentists charge.

patients must generally receive treatment at a contracted office in order to receive a benefit.

Discount/Referral Options

Discount/referral plans are technically not insurance plans. The company selling the plan contracts with a network of dentists. Contracted dentists agree to discount their dental fees. Patients pay all the costs of treatment at the contracted rate determined by the plan.

Point of Service (POS) Options

Point of service options are arrangements in which patients with a managed care dental plan have the option of seeking treatment from an out-of-network provider. The reimbursement to the patient is usually based on a low table of allowances. The benefits are significantly lower than if the patient had selected an in-network provider.

A dental plan may not allow benefits for all treatment options.

Table or Schedule of Allowance Plans

These types of plans are indemnity plans that pay a set dollar amount for each procedure, irrespective of the actual charges. The patient is responsible for the difference between the carrier's payment and the charged fee. The plan may also be paired with a PPO that limits contracted dentists to a maximum allowable charge.

Code on Dental Procedures and Nomenclature

The *ADA Code on Dental Procedures and Nomenclature (CODE)* is used to record the services you provide to a patient and to report dental treatment on claims submitted to third party payers. There are versions of the Code published every two years, and these versions are published in the CDT manual. The Code lists dental procedures by category of service (such as diagnostic or restorative). Each procedure code entry includes the code number and nomenclature (definition) and many include additional explanatory information (descriptors).

Managed Care Cost Containment Measures Cost containment measures are features of a dental benefit program or of the administration of the program designed to reduce or eliminate certain charges to the plan. Cost containment measures are used throughout the healthcare industry to determine the payment for services that have been provided. Health care plans should disclose information on how cost containment measures are used, or how they will affect the claim being considered. Any limitations, exclusions and applied cost containment measures should be described, and the application of deductibles, co-payments and coinsurance factors explained to the patients by the third-party payers and employers before the services are performed. Some of the most commonly used cost containment measures are:

Least Expensive Alternative Treatment Provision (LEAT)

A dental plan may not allow benefits for all treatment options. A Least Expensive Alternative Treatment Provision is a limitation found in many plans. This provision reduces benefits to the least expensive of other possible treatment options as determined by the benefit plan, even when the dentist determines that a particular treatment is in the patient's best interest. For example, the dentist may recommend a fixed bridge, but the plan may allow reimbursement only for a removable partial denture. The patient may not always understand the payer's least expensive treatment policy, and what the out of pocket costs are, until the explanation of benefits (EOB) is received.

Claims Bundling

Claims bundling is the systematic combining of distinct dental procedures by third-party payers that results in a reduced benefit for the patient/beneficiary. The ADA considers bundling of procedures to be potentially fraudulent.

Downcoding

Downcoding is a practice of third-party payers in which the benefits code has been changed to a less complex and/or lower cost procedure than was reported, except where delineated in contract agreements.

Predetermination

Predetermination of benefits is an administrative procedure that may require the dentist to submit a treatment plan to the third party before treatment begins. The third party usually returns the treatment plan indicating one or more of the following: patient's eligibility, covered services, benefit amounts payable, application of appropriate deductibles, co-payment and/or maximum limitation. Under some programs, predetermination by the third party is required when covered charges are expected to exceed a certain amount.

Glossary of Terms

Contract Dentist – A dentist who agrees to provide specified services at specific levels of reimbursement under the terms and conditions stipulated by the contract.

Contract Term – The period of time, usually 12 months, for which a contract is written.

Deductible – The amount of a dental expense for which the beneficiary is responsible before a third party will assume any liability for payment of benefits. The deductible may be an annual or one-time charge, and may vary in amount from program to program.

Eligibility Date – The date an individual and/or dependents become eligible for benefits under a dental benefits contract. This date is often referred to as the "effective date."

Exclusions – Dental services not covered under a dental benefit program.

Fee-for-Service – A freedom of choice arrangement under which a dentist is paid for each service provided according to the full fees established by the dentist.

Fee Schedule – A list of the charges for specific dental procedures established or agreed to by a dentist.

Flexible Spending Account (FSA) – An employee reimbursement account primarily funded with employee-designated salary reductions. Funds are reimbursed to the employee for health care (medical and/or dental), dependent care, and/or legal expenses, and are considered a nontaxable benefit.

Freedom of Choice – The concept that a patient has the right to choose any licensed dentist to deliver his or her oral health care without any type of coercion.

Managed Care – A type of dental plan that is a contractual arrangement in which payment or reimbursement and/or utilization is controlled by a third party. This concept represents a cost containment system that directs the utilization of health care by: a) restricting the type, level and frequency of treatment; b) limiting the access to care; c) controlling the level of reimbursement for services; and d) controlling referrals to other dentists.

Preauthorization – A statement by a third-party payer indicating that proposed treatment is covered under the terms of the benefit contract. Some plans require a dentist to submit a treatment plan to a third-party payer for approval before treatment is begun.

Precertification – Confirmation by a third-party payer of a patient's eligibility for coverage under a dental benefit program.

Predetermination – A process used to determine the benefits available for dental services that are planned by the dentist, or an estimate of the amounts payable by the plan if services are rendered when the patient is eligible. Under some programs, predetermination by the third party is required when covered charges are expected to exceed a certain amount.

Premium – The regular (typically monthly) fee charged by third-party insurers and used to fund the dental plan.

Under some programs, predetermination by the third party is required when covered charges are expected to exceed a certain amount.

Reimbursement – The payment made by a third party to a beneficiary, or to a dentist on behalf of the beneficiary, toward repayment of expenses incurred for dental services covered by the contractual arrangement.

Self-funded plan – A program for providing employee benefits financed entirely through the employer, in place of purchasing such coverage from a commercial carrier.

Third-Party Administrator (TPA) – An individual or company that processes and pays claims for self-funded dental plans. The TPA undertakes no financial risk for claims incurred.

Third-Party Payer – Party to an insurance or prepayment agreement, usually an insurance company, prepayment plan, or government agency, responsible for paying the provider designated expenses incurred on behalf of the insured.

Utilization – The extent to which the members of a covered group use a program over a stated period of time; specifically measured as a percentage determined by dividing the number of covered individuals who submitted one or more claims by the total number of covered individuals.

Third-Party Payer – Party to an insurance or prepayment agreement, usually an insurance company, prepayment plan, or government agency,

Chapter 13:

Practice Marketing

What is Marketing?

Marketing is a system of activities that identifies and satisfies consumer needs and wants.

Marketing is:

- a management discipline
- an integrated process
- consumer oriented
- ongoing
- strategic

Marketing is not:

- simply public relations, advertising, or selling
- product oriented
- piecemeal or periodic

The need for dental care exceeds the current demand for dental services. The ultimate goal of marketing is to convert unmet need into demand.

The marketing mix for professional dental services includes:

- product/service (dental treatment)
- price (fees)
- place (office environment)
- promotion (visibility)
- people (dental team)
- performance (results)
- policy (consistency)

If your marketing plans include advertising or marketing communications such as a newsletter or direct mail, understand and comply with applicable federal and state laws, such as the Federal Trade Commission Act, federal and state consumer protection laws, state dental advertising laws, and HIPAA.

Product vs. Service Marketing

You are marketing a service, not a product. There is a big difference between the two. Patients do not have the expertise to judge the quality of your work with the trained eye of a board examiner. Instead, patients judge your clinical competence based on the service you provide.

If you fit a patient with a great crown but fail to provide all the components of great service, then you will have difficulty attracting and keeping patients.

How do you provide excellent service to patients? You do so by being aware of patient expectations.

The patient expects the dental team to be:

- on-time
- considerate
- caring
- empathetic
- professional
- interested in them
- non-threatening
- friendly
- respectful
- communicative

Most important, the patient expects the dentalteam to be consistent in all of the above.

You are on stage, in the public eye. Don't say or do anything in the dental office you wouldn't say or do on a stage in front of a theater full of people.

Eight patient turnoffs in the dental office:

1. Talking about the patient instead of with the patient.
2. Ignoring a patient who is standing at the reception desk.
3. Failing to remember that most patients can see and hear.
4. Criticizing other members of the team— or other patients—in front of a patient.
5. Failing to answer the telephone by the second ring.
6. Not knowing a patient's name when he or she arrives, or misspelling a patient's name on written documents.

The ultimate goal of marketing is to convert unmet need into demand.

7. Failing to inform before you perform.
8. Sending mixed signals on fees and payment options.

Product PLUS Service Marketing

This approach primarily means building excellent patient relationships, and the best way to build patient relationships is by providing both expert dental treatment and friendly personalized service. Listed below are some ideas.

- Offer coffee, tea, or other beverages to patients who are waiting.
- Have a basket of fresh fruit at the front desk with a note to "Take one."
- Be on time. If you are running late, have your receptionist telephone your patients to let them know, so that they can make changes in their own plans or reschedule if necessary.
- Block enough time for new patient exams to really visit with the patient, make sure they understand your philosophy of dentistry, and you understand their needs.
- As patients depart for the day, have the clinical assistant give them his or her own business card and say, "Please call me personally if you have any questions about your treatment, and I'll make sure the doctor gets back to you."
- Have the receptionist give patients a business card so they can contact him or her directly about appointment and financial arrangements.
- Install a "goodbye" mirror near the patient exit so they can check their appearance before leaving the office.
- In the evening, take home the telephone numbers of patients who underwent extensive treatment that day and call them to see how they are doing.
- Recognize patients for taking good care of their mouths by offering certificates, ribbons, balloons, toothbrushes, toothpaste, etc.
- Send condolences and/or flowers to the family of a deceased patient.
- Send cards recognizing a patient's wedding, graduation, etc.
- Give a picnic, barbeque or other outdoor event during the summer for your patients.
- Distribute a "New Baby Packet" for expecting mothers and fathers. Include pamphlets on baby bottle tooth decay, care for toddler's teeth, and baby toothbrushes.
- When patients have referred several new patients to the practice, consider sending a "Thank You," such as a card or small gift of appreciation. Patients will appreciate the gesture and give them another reason to brag about you to their friends and coworkers. Any referral acknowledgement should conform to the ADA *Principles of Ethics and Code of Professional Conduct* as well as applicable federal and state law.

Install a "goodbye" mirror near the patient exit so they can check their appearance before leaving the office.

Generally, a dental practice that offers patients gifts and free items or services should keep their value to under $10 per visit (and under $50 for the year). This is because offering any kind of "remuneration" (including free items or services) to a Medicare or Medicaid beneficiary that is likely to influence his or her choice of provider for an item or service payable under Medicare or Medicaid is considered "beneficiary inducement" and can result in substantial penalties.

Price (Fees)

Your fees should be reasonable, and you should be comfortable with your fee schedule. Above all, never apologize for your fees. Stress the benefits and value of your services, not the cost. When patients decide to accept treatment, they are accepting not only the procedure, but you as a professional. You are not selling cleanings or crowns, you are providing a professional service.

When a patient asks why a crown is so expensive, stress the service provided and value for the dollar. Explain that the crown will be custom made solely for that patient (and that tooth). After a dental office takes an impression of the tooth, it is sent to a dental laboratory where a team

of skilled technicians prepare the model work, wax the crown, fabricate the metal framework, build porcelain, glaze, fire and polish the finished product. After each process the technician checks the crown for quality control. Explain that because the crown will be cemented in place, it will function like a natural tooth and that it is designed to specifically resolve the patient's problem. Explain how the fabrication and placement of the crown involves the combined skill of an entire team of dental professionals all working together to provide the patient with the best possible care.

Place (Office Environment)

Long before patients see you, they will have the opportunity to form an opinion of you and your practice. Your office environment will shape patients' first impressions of your practice. Make sure that your office is communicating a positive message by taking advantage of the following checklist.

- The dental office entrance has a boot mat and ample space for coats, umbrellas and other patient belongings.
- The reception area has comfortable seating for patients of all ages.
- The reception area offers a scrapbook of testimonials and thank-you letters from patients.
- Patient education materials on a variety of dental topics are attractively displayed in the reception area.
- The reception area offers current reading material for patients of varied interests and ages.
- The reading material is located neatly in a rack instead of scattered on tables.
- The artwork on reception area walls is attractively framed and appropriately professional.
- The entire reception room area is immaculately clean.
- The reception area has healthy plants or fresh flowers.
- The office offers a separate space where patients can have private financial discussions.
- Reception staff know the correct pronunciation of each patient's name scheduled for the day.
- Each patient is greeted by name, using surnames instead of first names until invited to do otherwise.
- Reception staff are neatly groomed in professional attire.

Promotion (Visibility)

Visibility is a key factor in building your practice and servicing your patients. To build visibility you should promote your practice through targeted and effective communications. This can be done by creating a message about your practice that you communicate consistently through a variety of mediums, such as community programs, the local media, direct mail campaigns, practice brochures, newsletters, and your practice Web site. Find more information on developing the practice Web site in Chapter 6.

Community outreach efforts and participation in community events generate awareness and visibility of you and your practice in your local service area. The following are some activities to assist you in connecting with your community.

- Hold an open house for patients to show off a new office, meet new staff or celebrate your practice anniversary.
- Volunteer to speak before community groups, school groups, neighborhood associations, etc.
- Get acquainted with community leaders.
- Join civic organizations. Be recognized as a leader in your community, one who really cares. Excellent public relations for your dental practice can result from this kind of involvement.
- Introduce yourself to local pharmacists, optometrists, pediatricians and physicians and provide them with your business cards.
- Patronize your patients' businesses.
- Hold a leadership position in a local organization.
- Teach a class in oral health at the community center.
- Take adult education courses and let people in the class know you are a dentist.
- Participate in career days for area students.

Introduce yourself to local pharmacists, optometrists, pediatricians and physicians and provide them with your business cards.

- Consider holding seminars on sports injuries and use of mouthguards for school personnel, such as coaches or school nurses.
- Offer to present a noontime presentation on dental health to local companies.
- Cultivate relationships with every receptionist and office manager in your building.
- Establish communication with the referring professional office when a new patient makes an appointment. Be sure to send the referring dentist/patient a thank-you note for the referral.

Exposure in the local print, radio and television media is a good way to build a positive awareness of you and your practice in your service area. Accessing the media can include the following activities.

- Develop a media kit and distribute to the local news media. Develop a newsworthy angle to promote your media kit.

Place announcements of new practice openings or staff additions in the local newspaper.

- Offer to write a monthly column on dental health in your local newspaper.
- Buy ad space in the local school yearbooks.
- List yourself in the Yellow Pages—both print and online.
- Develop a special interest news story about yourself or your office staff relating to an accomplishment, educational class attended, special interest or hobby.
- Join the Chamber of Commerce and participate in "welcome" activities for residents who are new to the area.
- Create a consistent online presence on social networking sites
- Offer coupons and place them in a variety of medias.

Make sure that your new patients indicate on their health history form how they heard about your practice.

People (Dental Team)

The dental team is an integral part of successful practice marketing. Take time to regularly discuss your goals for the practice with the dental team.

Some suggested topics for staff management meetings:

1. Identify what you are doing right.
2. Make the practice setting more comfortable.
3. Analyze the clinical and communication roles of each team member.
4. Review positive and negative comments heard (or overheard) during the previous month.
5. Discuss uncooperative patients.
6. Discuss patient complaints.
7. Review your billing and collection system.
8. Formulate office rules that everyone helps to write and everyone agrees to follow.
9. Discuss practice building techniques, including asking patients for referrals.
10. Discuss how a new or potential patient can be made to feel special from the moment he or she first has contact with the practice.

Performance (Results)

As your dental practice grows, you will want to consistently track the results of your marketing efforts. You may wish to do this quarterly or annually. For example, if you send out a marketing brochure, you will want to closely monitor the number of new patients or increased use of services that you see over the next several months. Make sure that your new patients indicate on their health history form how they heard about your practice. One way to track results is to include a code on your mailings and special offers. Request that patients mention or include the code when they visit and offer a prize for doing so, like a fresh mouth kit.

You can track the results of your marketing efforts by compiling data on the following topics.

- the number of new patients
- the number of new services utilized
- which method patients used to find you (referral, Yellow Pages ad, dental health plan directory, Web site, etc.)
- patient demographics (where they live, age, income level, ethnic or cultural group, family makeup)

By evaluating this information, you will see whether your marketing efforts are reaching your target audience. You will also see where you may need to heighten your marketing efforts. Using data and demographic tools can help you improve return on your marketing investment.

Policy (Consistency)

Any successful dental office must have a consistent, defined and systematic way of handling various office situations. One of the best ways to educate your staff about office policy is through an employee handbook. This handbook would cover employee roles and responsibilities as well as general practice philosophy. You may wish to review this material during employee orientation and periodically during staff meetings.

Some examples of office policies include the following areas of interest.

- The receptionist will confirm each patient visit with a phone call.
- Appointments must be cancelled at least 24 hours in advance.
- Payment must be made at the time of treatment.
- Patients must update their health history form at each visit.
- Patients must be notified if their wait in your waiting room will be longer than 10 minutes.
- Office staff must not wear any perfume/ cologne since some patients have allergies.

Addressing Diversity in Your Practice

Our world is diverse. Building lasting relationships with your patients will be easier if you understand their backgrounds. You may wish to gather some demographic information on your current patients to learn more about their lifestyles and use of dental services.

Some questions you may wish to consider are:

- What is the general demographic makeup of the community in which you practice?
- How has that changed in the past five years?
- How do you see it changing in the future?
- What is the family makeup of the patients in your practice? Do you see mostly singles with no children? Married people with children? Stay-at-home parents or two working parents?

Here are several ways you can ensure that your practice meets the needs of your patients.

- Establish office hours based on the needs of your patient population and their jobs. Your patients may be predominantly white-collar workers who work 9-5. Or your patient base may do shift work or work from home. If you see a number of patients who work typical 9-5 hours, you may want to accommodate their schedules by offering evening or weekend hours.
- Keep your office uncluttered so patients with physical disabilities can easily navigate the area. (Consult applicable provisions of the American With Disabilities Act).
- Hire bilingual staff if a number of your patients speak a language other than English.
- Post your payment policy near your reception desk, written in English and any other primary language of your patients.
- Print health history forms, appointment reminder cards, patient education brochures and waiting room material in English and other primary languages of your patients.

Using data and demographic tools can help you improve return on your marketing investment.

- Offer block appointments for families. Families with several children may appreciate being able to schedule appointments for the entire family at one time.
- Provide an area of the waiting room for children if appropriate.

For more information, see Multicultural Communication in the Dental Office, available through the ADA Catalog.

Referrals

Many dentists agree that referrals by satisfied patients are an important source of new patients. But is it OK to ask for referrals? Yes, as long as you ask tactfully. Here are three scenarios that will help you graciously ask for referrals.

Dental assistant to patient: "Our dental practice has grown almost exclusively by word of mouth. We like it that way because our patients are nice people, and they tend to associate with other nice people. Our best patients are referred by our best patients. You're such an enthusiastic participant in your own dental health, I wonder if you'd help spread the word to your friends who are looking for a dentist?"

Dental hygienist to patient: "People often think that dentists with an established practice can't take new patients. That's not so — our practice welcomes new patients. If you know of someone with a dental problem who needs a dentist, why not tell them what modern dental treatment can do for them? We'd be pleased if you referred your friends to our practice."

Dentist to patient: "Many people don't visit a dentist until dental disease prompts an emergency visit. These people pay more in treatment fees and discomfort than they should. If you know of someone who is neglecting regular dental visits, and if you think they'd be happy in our practice, please refer them to us."

These are ideas, not scripts. Incorporate these approaches into your practice but use your own words and pick the best time so that you sound relaxed and natural.

Offer block appointments for families. Families with several children may appreciate being able to schedule appointments for the entire family at one time.

Legal Considerations

Advertising is governed by both federal and state law. Perhaps the central point for both is to make sure your promotional efforts are neither false nor misleading. If your ads are truthful, your legal exposure is minimized. In addition, follow restrictions or disclosure requirements imposed by self-referral and other laws.

Most state dental practice acts prohibit dentists from engaging in false, misleading or deceptive advertising. Many state regulations place certain restrictions on the use of a trade or fictitious name by a dental practice, such as a requiring a dental office operating under a fictitious name obtain a permit. In addition, the Federal Trade Commission (FTC) consistently monitors ads and publicity efforts, seeking situations that contain bait-and-switch tactics; deceptive demonstrations or prices; defamation of the competition; fraudulent contests or testimonials; misleading, exaggerated or unsubstantiated claims and misuse of the word "free."

Marketing Research Tools

These three research tools can give you valuable insight into patient needs and their views of your practice.

Patient survey

Send a survey to your patients of record or hand it out to at least 100 patients in the office to find out their perceptions of your service. You will not only discover what aspects of your practice are most appealing to patients, but you will learn what aspects could be changed to improve patient satisfaction.

Composite patient profile

Randomly select 200 patient files (such as every 10th patient file) and record information including age, sex, occupation, marital status, etc. Compile this information using the composite patient profile and you will have a clearer understanding of who your patients are.

Patient profile sheet

Record information such as the patient's hobbies, children's names and ages, and other tidbits to jog your memory and help you get to know your patients better. Remember that a patient has the legal right to see his or her records, including any personal notes you may create and keep in a separate chart. It may be fine to note, "Drew enjoys fixing up old cars," but it would not be wise to write, "Drew is glum after getting fired."

Additional ADA marketing publications are available through **adacatalog.org.**

It may be fine to note, "Drew enjoys fixing up old cars," but it would not be wise to write, "Drew is glum after getting fired."

NOTES:

Chapter 14:

Laboratory Services

The keys to a successful relationship with a dental lab are mutual confidence, understanding and respect brought about by clearly defined responsibilities and open, two-way channels of communication. Dentists can build the foundation for open communication and high quality workmanship by providing the dental laboratory with accurate impressions and detailed laboratory procedure authorizations.

If the lab is local, you may decide to take your staff on a tour of the dental laboratory so that they understand the process of creating prostheses and appliances and to meet the dental laboratory staff. This fosters better communication between the dental office and the dental laboratory.

Choosing the Right Laboratory

Dental laboratories can differ widely. These differences include services performed, level of quality, size and capacity, ethics and fees for service. There are no tried and true methods that will guarantee that your first laboratory choice is the right one. However, there are guidelines that will help you to avoid a time-consuming— and costly—trial and error method. Consider the following guidelines in making your choice of a dental laboratory.

Quality

Quality is clearly the most critical of all factors to be considered. Laboratory work of highest quality relies principally on well trained and knowledgeable technicians. It must be emphasized that the dentist has an equal responsibility. The dentist's work and records must reflect the same high standard expected of the laboratory.

Factors of quality include:

- Technicians must have artistry and esthetic sense.
- Technicians must be able to interpret and work with laboratory prescriptions.
- Technicians must have a complete knowledge of occlusion, articulators and the functional requirements of the dentition.
- Technicians must be acquainted with new techniques, products and materials.
- The lab should have adequate numbers of technicians to handle the work load. Frequent turnover in lab staff may result in abrupt changes in quality, and could signal that something may be wrong with the lab itself.

Reasonably reliable indications of quality are a laboratory's membership in national and state associations, its status as a Certified Dental Laboratory (CDL) and the number and variety of Certified Dental Technicians (CDTs) it employs.

Variety of Services

Will your practice concentrate on fixed prostheses, removable or both? Dental laboratories can specialize in one or the other and some offer all services, even orthodontic. Decide what services you will require and then choose your laboratory (or laboratories) on the basis of what they can do for your patients.

Service Needs

Beyond quality prostheses, your good working relationship will depend on the following factors.

Communication/cooperation: The laboratory supervisor and technicians must be able to communicate on a personal level with the dentist. The dentist should meet the staff and get a general sense of the work atmosphere of the laboratory. During your visit to the facility, try to spend time at the bench with the technicians who will be servicing your cases.

Accountability: The dental laboratory management must accept responsibility for the work of the technician employees.

Efficient and prompt delivery: This aspect of service is particularly important to patient satisfaction.

Location and distance: Ideally, laboratories should be a reasonable distance from the dentist's office, to avoid delays and high shipping costs.

Laboratory policy: Clearly articulated policies should exist regarding time needed to complete cases, responsibility for remakes, an established fee schedule for work accomplished and a schedule for timely payment of laboratory bills.

The laboratory supervisor and technicians must be able to communicate on a personal level with the dentist.

Please note that some state dental boards have specific requirements regarding what should be placed in removable appliances, such as patient names.

Outsourcing:

Ask your lab to identify cases that are outsourced, especially to offshore labs. Dental labs that utilize offshore labs are required to register with the US Food and Drug Administration (FDA) and prostheses must be marked "distributed by" rather than "manufactured by."

Here are some questions to ask a lab that outsources some or all of their work:

- Have you actually visited the lab to which you are outsourcing this work?
- What is the FDA registration number for the lab doing this work?
- What is your FDA number as an initial importer, re-packager or re-labeler?
- Can you provide documentation that all materials used in outsourced work are FDA approved, and compliant with ANSI and ISO standards?
- Can you fill my lab prescription as written, regardless of where the work is fabricated?
- Can you provide details of the materials used in this work?
- Can you provide written indemnification and assume liability for injuries caused by dental restorations coming from your lab that may contain adulterated or toxic materials?

Select a laboratory that emphasizes high standards of technical performance and business ethics.

Education

Inquire about the laboratory's continuing education efforts. The manager and employees should be aware of the latest technical developments and concepts through participation and attendance at technical seminars and clinics. (If the laboratory employs Certified Dental Technicians, they are required to participate in continuing education programs each year to retain their certification status.)

Ethical Considerations

Select a laboratory that emphasizes high standards of technical performance and business ethics. Some commercial dental laboratories voluntarily elect to meet specified qualification standards under the Certified Dental Laboratory (CDL) program or join national and state trade associations such as the National Association of Dental Laboratories or the Dental Laboratory Conference.

Costs

While costs of service are important, they should not be the primary yardstick for measuring if a laboratory is right for you. Fees should be commensurate with quality and service. Higher cost does not necessarily reflect higher quality, and yet a search for the lowest possible fee is probably a misdirection.

Work Schedules

Most laboratories have established work schedules outlining the time required to complete a particular laboratory service. Review this work schedule to determine if it coincides with your office appointment procedures. Ask the laboratory for references, and ask those colleagues about the punctuality of the lab.

ADA Statement on Prosthetic Care and Dental Laboratories Statement on Prosthetic Care and Dental Laboratories (1990:543; 1995:623; 1999:932; 2000:454; 2003:364)

Introduction: Patient care in dentistry often involves the restoration or reconstruction of oral and peri-oral tissues. The dentist may elect to use various types of prostheses to treat the patient and may utilize the supportive services of a dental laboratory and its technical staff to custom manufacture the prostheses according to specifications determined by the dentist.

Since the dentist-provider is ultimately responsible for the patient's care, the Association believes that he or she is the only individual qualified to accept responsibility for prosthetic care. At the same time, the dental profession recognizes and acknowledges with gratitude

and respect the significant contributions of dental laboratory technicians to the health, function and aesthetics of dental patients.

This statement outlines the Association's policy on the optimal working relationship between dentist and dental laboratory, the regulation of dental laboratories and issues regarding the provision of prosthetic care. A glossary of terms is a part of this statement.

Because of the dentist's primary role in providing prosthetic dental care, the Association, through its Department of State Government Affairs and the Council on Dental Practice, provides upon request assistance to state dental societies in dealing with issues addressed in this statement.

Diagnosis and Prosthetic Dental Treatment: It is the position of the American Dental Association that diagnosis and treatment of complete and partial denture patients must be provided only by licensed dentists and only within the greater context of evaluating, treating and monitoring the patient's overall oral health. The Association believes that the dentist, by virtue of education, experience and licensure, is best qualified to provide denture treatment to the public with the highest degree of quality. As a result of its belief that dental care is the responsibility of a licensed dentist, the Association opposes prosthetic dental treatment by any other individuals. Further, the Association will actively work to prevent the enactment of any legislation or regulation allowing such activity or programs, on the grounds that it would be dangerous and detrimental to the public's health.

Working Relationships Between Dentists and Dental Laboratories: The current high standard of prosthetic dental care is directly related to, and remains dependent upon, mutual respect within the dental team for the abilities and contributions of each member. The following guidelines are designed to foster good relations between dental laboratories, dental laboratory technicians and the dental profession.

Applicable laws shall take precedence if they are inconsistent with any of the following guidelines.

The Dentist:

1. The dentist should provide written instructions to the laboratory or dental technician. The written instructions should detail the work which is to be performed, describe the materials which are to be used and be written in a clear and understandable fashion. A duplicate copy of the written instructions should be retained for a period of time as may be required by law.
2. The dentist should provide the laboratory/ technician with accurate impressions, casts, occlusal registrations and/or mounted casts.
3. The dentist should identify, as appropriate, the crown margins, post palatal seal, denture borders, any areas to be relieved and design of the removable partial dentures on all cases.
4. The dentist should furnish instructions regarding preferred materials, coloration, description of prosthetic tooth/teeth to be utilized for fixed or removable prostheses which may include, but not be limited to a written description, photograph, drawing or shade button.
5. The dentist should provide verbal or written approval to proceed with a laboratory procedure, or make any appropriate change(s) to the written instructions as the dentist deems necessary, when notified by a laboratory/dental technician that a case may have a questionable area with respect to paragraphs two through four.
6. The dentist should clean and disinfect all items according to current infection control standards prior to sending them to the laboratory/ technician. All prostheses and other materials which are forwarded to the laboratory/technician should be prepared for transport utilizing an appropriate container and packaged adequately to prevent damage and maintain accuracy.
7. The dentist should return all casts, registration and prostheses/appliances to the laboratory/ technician if a prosthesis/appliance does not fit properly, or if shade selection is incorrect.

The dentist should provide written instructions to the laboratory or dental technician.

The laboratory should not discuss or divulge any business arrangements between the dentist and the laboratory with the patient.

The Laboratory/Technician:

1. The laboratory/technician should custom manufacture dental prostheses/appliances which follow the guidelines set forth in the written instructions provided by the dentist, and should fit properly on the casts and mounting provided by the dentist. Original written instructions should be retained for a period of time as may be required by law.

   When a laboratory provides custom printed written instruction forms to a dentist, the laboratory document should include the name of the laboratory and its address, provide ample space for the doctor's written instruction, areas to indicate the desired delivery date, the patient's name, a location for the doctor to provide his/her name and address, as well as to designate a site for the doctor to provide a signature. The form should also allow for other information which the laboratory may deem pertinent or which may be mandated by law.

2. The laboratory/technician should return the case to the dentist to check the mounting if there is any question of its accuracy or of the bite registration furnished by the dentist.

3. The laboratory/technician should match the shade which was described in the original written instructions.

4. The laboratory/technician should notify the dentist within two (2) working days after receipt of the case, if there is a reason for not proceeding with the work. Any changes or additions to the written instructions must be agreed to by the dentist and must be initialed by authorized laboratory personnel. A record of any changes shall be sent to the dentist upon completion of the case.

5. After acceptance of the written instructions, the laboratory/technician should custom manufacture and return the prostheses/appliances in a timely manner in accordance with the customary manner and with consideration of the doctor's request. If written instructions are not accepted, the laboratory/technician should return the work in a timely manner and include a reason for denial.

6. The laboratory should follow current infection control standards with respect to the personal protective equipment and disinfection of prostheses/appliances and materials. All materials should be checked for breakage and immediately reported if found.

7. The laboratory/technician should inform the dentist of the materials present in the case and may suggest methods on how to properly handle and adjust these materials.

8. The laboratory/technician should clean and disinfect all incoming items from the dentist's office; e.g., impressions, occlusal registrations, prostheses, etc., according to current infection control standards.

   All prostheses and related items which are returned to the dentist should be cleaned and disinfected, placed in an appropriate container, packed properly to prevent breakage, and transported.

9. The laboratory/technician should inform the dentist of any subcontracting laboratory/technician employed for preparation of the case. The laboratory/technician should furnish a written order to the dental laboratory which has been engaged to perform some or all of the services on the original written instructions.

10. The laboratory/technician should not bill the patient directly unless permitted by the applicable law. The laboratory should not discuss or divulge any business arrangements between the dentist and the laboratory with the patient.

Instructions to Dental Laboratories: Complete and clearly written instructions foster improved communication and working relationships between dentists and dental laboratories and can prevent misunderstanding. State dental practice acts may specify the extent and scope of written instructions that are provided to dental laboratories for the custom manufacture of dental prostheses.

These acts may describe the written instructions from the dentists to the dental laboratory as a "prescription" while other states refer to the instructions as a "work authorization" or "laboratory work order." Realizing that terminology in state dental practice acts differ, constituent dental societies are urged to investigate appropriate terminology for their dental practice acts regarding the term(s) used to describe the written instructions between a dentist and a dental laboratory and between dental laboratories for subcontract work, since the term selected may have tax implications depending on state tax revenue codes.

Identification of Dental Prostheses: The Association urges members of the dental profession to mark, or request the dental laboratory to mark, all removable dental prostheses for patient identification. Properly marked dental prostheses assist in identifying victims in mass disaster, may be useful in police investigations and help prevent loss of the prostheses in institutional settings.

Shade Selection by Laboratory Personnel: Selection of the appropriate shade is a critical step in the custom manufacture of an aesthetically pleasing prosthesis. The Association believes that when a dentist requests the assistance of the dental laboratory technician in the shade selection process, that assistance on the part of the dental laboratory technician does not constitute the practice of dentistry, providing the activity is undertaken in consultation with the dentist and that it complies with the express written instructions of the dentist.

The shade selection site, whether dental office or laboratory (where lawful), should be determined by the professional judgment of the dentist in the best interest of the patient and where communication between dentist, patient and technician is enhanced. When taking the shade in the laboratory, the dental technician should follow the appropriate clinical infection control protocol as outlined in the ADA's infection control guidelines when dealing with the patient.

Regulation of Laboratories: The relationship between a dentist and a dental laboratory requires professional communication and business interaction. The dental laboratory staff may serve as a useful resource, providing product and technical information that will help the dentist in the overall planning of treatment to meet each patient's needs. The dental laboratory staff may also consult with the dentist about new materials and their suggested uses. The Association applauds such cooperative efforts so long as the roles of the parties remain clear; the dentist must be responsible for the overall treatment of the patient and the dental laboratory is responsible for constructing high quality prosthetic appliances to meet the specifications determined by the dentist.

Some dentists may choose to own or operate a dental laboratory for the custom manufacture of dental prostheses for their patients or those patients of other dentists. The Association opposes any policy that prevents, restricts, or precludes dentists from acquiring ownership in dental laboratories.

In some states the issue of dental laboratory regulation has been addressed through requirements for registration, certification, licensure bills and some hybrids thereof. The Association believes the basic tenet of regulation by any governmental agency is the protection of the public's health and welfare. In the delivery of dental care, that collective welfare is monitored and protected by state dental boards that have the jurisdictional power, as legislated under the state dental practice act, to issue licenses to dentists. These boards also have the power to suspend or revoke such licenses if such action is deemed warranted.

For decades, the public health and welfare has proven to be adequately protected under the current system of dental licensure. The dentist carries the ultimate responsibility for all aspects of the patient's dental care, including prosthetic treatment. In a free market society, dentists select dental laboratories that provide the best quality services and prostheses.

The dentist carries the ultimate responsibility for all aspects of the patient's dental care.

The Association opposes the creation of additional regulatory boards to oversee dental care and therefore, opposes any form of governmental regulation or licensure of dental laboratories not promulgated under the auspices of the state board of dentistry. The Association believes that a single state board of dentistry in each state is the most effective and cost-efficient means to protect the public's dental welfare.

Notification of Prosthetic Cases Sent to Foreign or Ancillary Domestic Labs for Custom Manufacture: Constituent dental societies are urged to pursue legislation or voluntary agreements to require that a domestic dental laboratory which subcontracts the manufacture of dental prostheses notify the dentist in advance when such prostheses, components or materials indicated in the dentist's prescription are to be manufactured or provided, either partially or entirely, by a foreign dental laboratory or any domestic ancillary dental laboratory.

A single state board of dentistry in each state is the most effective and cost-efficient means to protect the public's dental welfare.

Glossary of Terms Relating to Dental Laboratories

Dental Appliance: A device that is custom manufactured to provide a functional, protective, esthetic and/or therapeutic effect, usually as a part of oro-facial treatment.

Dental Laboratory: An entity engaged in the custom manufacture or repair of dental prostheses/appliances as directed by the written prescription or work authorization form from a licensed dentist.

Dental Prosthesis: An artificial appliance custom manufactured to replace one or more teeth or other oral or peri-oral structures in order to restore or alter function and aesthetics.

Laboratory Certification: A form of voluntary self-advancement in which a recognized, nongovernmental agency verifies that a dental laboratory technician or a dental laboratory has met certain predetermined qualifications and is granted recognition.

Laboratory Licensure: A form of regulation in which a governmental agency, empowered by legislative fiat, grants permission to a dental laboratory technician or dental laboratory to provide services to dentists following verification of certain educational requirements and a testing or on-site review procedure to ensure that a minimal degree of competency is attained. This form of regulation requires payment of a licensing fee to conduct business within a jurisdiction and may mandate continuing education requirements.

Laboratory Registration: A form of regulation in which a governmental agency requires a dental laboratory or dental laboratory technician to meet certain predetermined requirements and also requires registration with the agency and payment of a fee to conduct business within that jurisdiction.

May or Could: Indicates a freedom or liberty to follow suggested alternatives. (see Must and Should)

Must: Indicates an imperative need or duty; an essential or indispensable item, mandatory(see May or Could and Should.)

Should: Indicates a suggested way to meet the standard; highly desirable (see May or Could and Must.)

Work Authorization/Laboratory Work Order: Written directions or instructions from a licensed dentist to a dental laboratory authorizing the construction of a prosthesis. The directions or instructions included often vary from state to state but typically include: (1) the name and address of the dental laboratory, (2) the name and identification number, if needed, of the patient, (3) date, (4) a description of the work necessary and a diagram of the design, if appropriate for the appliance, (5) the specific type of the materials to be used in the construction of the appliance, (6) identification of materials used and submitted to the laboratory, and (7) the signature and license number of the requesting dentist. In those states where the term "prescription" is used in place of the term "work authorization" or "laboratory work order," prescription is defined as written instructions from a licensed dentist to a dental laboratory authorizing the construction of a prosthesis to be completed and returned to the dentist.

Chapter 15:

Financial Planning

You Are a Financial Manager

Throughout your career, you will assume the role of financial manager as well as practitioner. As a good financial manager, your tasks are to maintain good credit standing, manage your business and personal income and debts, plan for savings and retirement, and more. Regardless of what kind of practice or lifestyle you intend to pursue, good financial planning with a regular assessment of your situation will ensure that you build a strong foundation for personal and practice success.

Your Financing Resources

You have a number of financing options when you borrow money to invest in your practice. There are traditional financial institutions such as banks, as well as other sources including specialty finance companies that specialize and focus in the dental industry, the Small Business Administration (SBA), and family and friends.

Banks generally require a down payment of at least 20% of the total project cost or practice purchase price. (SBA lenders typically require a smaller down payment.) In reviewing your loan application, a bank or SBA lender typically wants to see positive net worth, historical cash flow for repayment of the loan and a strong personal credit history. If you seek a lender who is familiar with your community and you are well established, a local bank might be a wise choice.

Whereas your local banker may be an expert on your community, a specialty finance company is an expert in financing dental practices and can act as a valuable business resource. These specialized lenders provide up to 100% financing and generally grant loans to both established doctors and beginning practitioners who often do not have a high net worth or a history of cash flow. For doctors seeking to start their first practice, specialty finance companies look at personal credit history and the practice potential by evaluating cash flow projections based on a business plan.

A good lender understands your particular financing needs and works with you to put together the right financing program for you. If possible, choose a lender that does not charge an origination fee, a loan closing fee or heavy documentation fees.

Before signing on with any lender, however, Here are some questions to ask.

- Does the lender understand the specific financing needs of dental professionals?
- Will the lender consider cash flow based on projection?
- Will the lender provide up to 100% financing?
- Will the lender give you payment options for your loan?
- Does the lender have experts on staff to help you identify key issues within your practice to improve productivity and profitability?

Once you've determined what you want to do and how much you'll need to borrow, your next step is to have lenders qualify you. They should be able to tell you the amount they'll lend based on what they believe will be your ability to repay the loan.

Selecting the Right Loan

Upon submission of the appropriate information, your lender will approve a loan for a specific amount. As part of your planning, you must allocate working capital funds towards the overhead of running a dental practice, including equipment and supplies purchases, as well as compensation for personnel.

In developing your loan request, the amount you borrow should be sufficient to cover the purchase of the practice itself plus potential new equipment and supplies, leasehold improvements and operating costs until the practice generate sufficient cash flow.

Commercial loans are generally short-term loans for three to seven years. The interest rate should be competitive, and you should also carefully consider the terms of a loan offer. Rates may fluctuate according to the prime-lending rate.

Repayment schedules vary widely and can be structured to assist the dentist in the first years of the loan. Your lender may provide deferred payment plans with no payments for the first

A good lender understands your particular financing needs and works with you to put together the right financing program for you.

several months of the loan term, or the lender may allow interest only or graduated payments for the first year or two of the loan. You might wish to propose a favorable repayment schedule as part of your pro-forma statements. Where you get your loan will affect the terms and restrictions, so it is important to choose a lender that understands your business and will work with you.

Many banks require something of value pledged as security, in case the dentist cannot repay the loan. The *collateral* could be a co-signature by a family member, the dental equipment, or even a second mortgage on the dentist's home. The best loan is one in which these factors, properly mixed, meet your own objectives and resources. Based on those needs, be sure you borrow enough initially so that you don't have to return for additional amounts. Regardless of which type lender you choose, you want to show a strong credit history and a business plan.

Most lenders require a business plan for start up and expansion practice projects.

Building Good Credit

Whether you're an experienced practitioner or a recent graduate, your personal credit rating is the best indicator to a lender that you have responsibly managed your obligations. It is never too early to begin building good credit. You can maintain a favorable credit record by making on-time payments on mortgage, student, revolving credit or installment loans, even if you only make the minimum payment. Also, avoid co-signing on loans for others or falling behind on tax payments. When the time comes to apply for a business loan, avoid submitting multiple applications for that loan or applying for additional loans during the approval process. A lender who sees that your credit has been pulled by multiple lenders might see you as a credit risk, even though you have a history of making on-time payments.

Developing a Business Plan

Most lenders require a business plan for start up and expansion practice projects. A business plan is not only vital to securing financing, it is your blueprint for a successful practice.

A formal business plan has three parts: the executive summary, narrative and the financials. The *summary* is the first thing a potential lender will read, and must be persuasive, explaining why you are uniquely positioned to make your business a success. The *narrative* offers an overview of your business for at least one year into the future. It should describe the legal structure of your practice, the services and types of dentistry you plan to offer, staffing, management plans and practice goals, among many other things. The *financials* include an income statement, cash flow forecast and balance sheet, along with appendices providing backup information. Add any charts or graphs to represent data or items mentioned in the narrative or financial sections, which might include demographic information surrounding the area for which you will or are currently practicing. Also include your resume, as well as actions plans, timelines for opening and growing your practice, fee schedules and an organization chart.

If you are acquiring an existing practice, you will need a transition plan that focuses on retaining the current patient base and the ongoing management of the practice. Specialized lenders that focus on dental professionals often provide assistance in developing the business or transition plan.

Loan Documentation

The following information should be developed and provided to a lender for evaluation. Your loan request package should include a summary specifying the amount being requested, what it will be used for and the terms desired, a financial statement, your resume, a personal budget, cash flow projection for the practice, description of items and services to be purchased with proceeds from the loan, management and marketing plans, and an appraisal if the practice is being purchased.

Loan request: This is a statement of how much money is requested and a summary statement of how the finds will be used. Be specific: cite equipment and dental instruments purchases, dental supplies, leasehold improvements, and/or operating capital.

Resume: This is an organized autobiographical summary of your life. Highlight your work experience, with particular attention to military service, management and/or supervisory experience. Focus on activities the lender can relate to.

Practice objectives: Let the lender know where you see yourself professionally in the next five to seven years. Do you intend to stay in an associateship, or do you want to have a solo practice? Do you want to build and own your own building?

Practice location: Describe the other health services in the area as well. Are there new subdivisions? How many other practitioners? Consider investing in a demographic report of your practice's neighborhood.

Pro-forma financial statements (Projections): These standard accounting schedules are estimates of your income and expenses for the next year. The revenue estimate is based on the number of patients you predict you will see each month, multiplied by an average fee per visit. Expenses are based on your research of expenses incurred by dentists in similar practice environments and locations close to where you intend to practice. Expenses are defined in terms of those categories relevant to a dental practice. Monthly data is combined to form a quarterly analysis. The proforma statement is not a "wild guess," but an estimate that if carefully done, will be 90% - 95% accurate. The same approach is used to develop information for your personal income and expenses.

Seller financials: In the case of a practice acquisition, you would obtain financial statements from the seller for the past two to three years.

Personal Financial Statement: Each lender will have its own form, with slight variations, usually in the order of the entries on the page.

Working Capital Assessment: For a practice start up project, your practice expenses may be greater than your income for the first six to eight months. This justifies the necessary operating capital that is part of the loan request. You should, as well, establish a salary for yourself at the very beginning so that you can meet your own personal financial obligations.

Insurance Requirements: Most lenders request that you take out a life insurance and disability policies to protect the lender should you die or become disabled while the loan is outstanding. The ADA Members Life Insurance Program is an excellent choice to fulfill this requirement.

Owner Financing and Assistance

If the owner of an existing practice is helping you buy into the practice, you should weigh the advantages and disadvantages of this type of financing. Determine how much should be carried, if any, and the terms of such an arrangement. The arrangement should protect your interests and make provisions for early payoffs. Work with the appropriate advisors, including a CPA regarding tax implications.

If the seller is assisting you in obtaining non-owner financing, he or she should share information, including projections of revenue and expenses and sources of financing, perhaps meeting with you and representatives of financial institutions. The seller should work with you to determine an appropriate transition period and management plan.

Considerations

With different resources available for practice financing, select the lender that offers you the most effective financial solution and future success.

It is critical that you pay attention to all terms and conditions in addition to the interest rate. Also consider your lender's experience in your market, and whether they support you throughout your career.

Let the lender know where you see yourself professionally in the next five to seven years.

Retirement Savings Programs

It will be to your advantage to establish a retirement savings program as early in your career as possible.

There are a variety of ways in which dentists can save and invest for retirement on a tax-advantaged basis. But most experts agree that the best way is through the use of tax-qualified plans — a category that primarily includes profit sharing, such as 401(k) plans. However, for a limited number of dentists, a defined benefit pension plan could be beneficial. Each of these plans may also be supplemented by an Individual Retirement Account (IRA).

Which IRA you select, and how you're able to invest your contributions can significantly impact your financial future.

Tax-qualified Retirement Plans

Under a tax-qualified retirement plan, the employer dentist makes a contribution on his or her own behalf and for all other full-time employees meeting certain criteria. The dentist may not take advantage of these plans unless he or she includes any eligible employees. Dentists who are employees of other dentists or companies may not take advantage of a tax-qualified plan. However, an IRA may be a viable alternative for these dentists who are not self-employed.

Not all IRAs are equal. Which IRA you select, and how you're able to invest your contributions can significantly impact your financial future. The ADA endorsed 300+ Series IRA* (http://www.axa-equitable.com/ada/ira.html) offers the following components.

- A complete range of IRA options
- Experience with the needs of ADA Members.
- Diversified Investment options
- 24/7 access to your account

* The 300+ series IRA is funded by a group variable annuity contract issued and distributed by AXA Equitable.

Contributions to tax-qualified plans are treated as a tax-deductible business expense for a dental practice. Combined with the advantages these plans offer for the employer dentists themselves, the tax-deductibility of contributions make these plans an affordable and desirable benefit to offer dental office employees. In a sense, by reducing the dentist's taxes, the federal government is helping to offset the cost of offering a retirement plan as a benefit for employees. Money that is contributed on behalf of an employer dentist or dental office employee is not taxable to the individual until it is withdrawn from the plan. Investment income earned on these contributions is also not subject to current income taxation.

Depending upon the type of plan, withdrawals from tax-qualified retirement plans may or may not be permitted prior to retirement. If permitted, such withdrawals may be subject to a 10% penalty and immediate income taxation if taken prior to age 59 1/2. After age 59 ½, withdrawals are no longer subject to the 10% penalty, but will be subject to income taxation. Withdrawals must commence no later than age 70 1/2. The structure and operation of tax-qualified retirement plans must meet strict guidelines and be submitted to the Internal Revenue Service (IRS) for approval. Loss of such approval could result in the immediate taxation of all contributions made to the plan.

Rather than incurring the expense of developing a tax-qualified retirement plan and filing it with the IRS, most dentists adopt a prototype or master plan. For example, the ADA Members Retirement Program offers master plans that are pre-approved and kept in compliance with changing tax laws.

The profit-sharing plan is the most popular type of retirement plan among dentists, since it permits an enormous amount of flexibility, including the addition of a 401(k) arrangement. Under current regulations, the employer/dentist has complete discretion to determine the amount, if any, of a profit sharing contribution to be made in a given year.

Contributions may also vary according to the availability of profits or retained earnings from a dental practice. The maximum aggregate employer contribution to a profit sharing plan is 25% of the annual compensation of all participants in the plan. However, the maximum contribution for the dentist cannot exceed the lesser of 100% of

compensation or $65,000 (2008 limit). A dentist could maximize his or her contribution while keeping employee cost down by using a 401(k) feature, social security integration, or by adopting a new comparability plan, all described below.

Through a technique known as "social security Integration or permitted disparity," profit-sharing plans can be designed to increase the proportion of the practice's total contribution allocated to the dentist. When a plan is integrated, all eligible participants in a dental office will receive a basic contribution. However, the employer dentist will receive an additional contribution. It will be based upon income the dentist earns that is in excess of the integration level set by the dentist, generally just above the earnings of the highest paid employee.

A 401(k) arrangement may also be added to the basic profit-sharing plan. Under a 401(k) arrangement, both the dentist and dental office staff may make additional contributions on a pre-tax basis or as designated Roth contributions. A designated Roth contribution feature permits 401(k) contributions to be made on a post-tax basis. These Roth contributions can be withdrawn tax-free if it is considered a qualified Roth distribution. A qualified Roth distribution is one that is made at least five taxable years after the first designated Roth contribution is made under the plan and after attainment of age 59 1/2, death or disability. However, the total contribution to the plan, including the 401(k) allocation, integration and the basic contribution, cannot exceed 100% of any participant's compensation (as defined in the plan). The ADA Members Retirement Program also offers variations of the traditional 401(k) product. These are the SIMPLE 401(k) and Safe Harbor 401(k) plans. Both plans can include the Roth 401(k) feature.

SIMPLE 401(k) plans can be easy to administer. These plans are not subject to the discrimination testing or top heavy rules that apply to regular 401(k) plans. You can contribute to the plan even if your employees decide not to participate. In a SIMPLE plan, you and each eligible employee can make pre-tax elective contributions up to $10,500 annually (2008 limit). Each year you must offer your eligible employees who participate a dollar-for-dollar matching contribution up to 3% of compensation. If you choose the 3% contribution requirement, eligible employees who do not participate receive no contribution from you. The other alternative is to give a 2% contribution to all eligible employees regardless of whether they make pre-tax elective contributions. All contributions are made on a pre-tax basis, and any matching or non-elective contributions made are tax-deductible to your business.

The other alternative to a traditional 401(k) plan is the Safe Harbor 401(k). A Safe Harbor 401(k) Plan can defer the most income for your retirement — up to $15,500 (2008 limit) of income for your retirement. You can choose one of two contribution requirements — either the nonelective contribution equal to 3% of compensation for all eligible employees — regardless of their participation or a matching contribution that is equal or better than 100% up to the first 3% of compensation and 50% of the next 2% of compensation for those employees who participate. You must provide a notice at least 30 days but not more than 90 days before the beginning of each plan year indicating the type of contribution you will make for the coming plan year. Unlike traditional 401 (k) plans, there is no nondiscrimination testing for the Safe Harbor Plan.

Annual salary increases to the salary deferral limits for traditional, Safe Harbor and SIMPLE 401(k) plans are tied to the cost of living increases.

Participants over age 50 can defer an additional $5,000 (Traditional, Safe Harbor 401(k)), or $2,500 (SIMPLE 401(k)) in 2008. This amount is called a catch up contribution. Annual increase to these limits are also tied to cost of living increase.

As a business owner — even with no employees — the Owners 401(k) allows you to put away significantly more pre-tax dollars than you could in the past, without costly plan set-up charges. What's more, if you're worried about affordability, the Owners 401(k) gives you the flexibility not to contribute in a given year, because each year the funding of the plan is completely at your discretion.

As a business owner — even with no employees — the Owners 401(k) allows you to put away significantly more pre-tax dollars

In addition, the Owners 401(k) Plan allows you to:

- Generate tax deductions that are more than twice as much in some cases than with traditional business retirement plans, such as profit sharing plans, money purchase plans, SEP plans and SIMPLE plans.
- Consolidate retirement assets from your IRAs, 401(k), 403(b), or other qualified retirement plans into one, convenient account.
- Contribute even more if you're 50 years of age or older.

New comparability plans are plans that are designed to take advantage of cross-testing. Cross-testing simply means that the contributions are tested on the basis of benefits at retirement age rather than on the basis of amounts contributed. Because they are tested on the basis of benefits, these types of retirement plans take into account the ages of participants, and can therefore be more beneficial for older employees than profit-sharing plans that use a pro-rata formula or even an integrated profit-sharing formula.

For information on the ADA Members Retirement Program, call the administrator, toll-free at: 1-800-523-1125.

Professional Advice

Professional advisors such as certified financial planners, attorneys and accountants provide advice on retirement plans. The fee for their services will usually depend upon the complexity of the plan you are seeking. Banks, brokerage houses and insurance companies offer prototype or master plans as well as general information about the types of plans available and their costs.

ADA Resources

The ADA Members Retirement Program was established in 1968 to provide ADA members and their employees with tax-qualified retirement plans. The Program currently has nearly $1.2 billion of invested assets and is administered by AXA Equitable. Investment management services are offered by a variety of firms including Alliance, Bernstein L.P., Davis Selected Advisers, L.P., Fidelity Management & Research Company, GAMCO Asset Management Inc., JP Morgan Investment Management, Inc., T. Rowe Price Associates, Inc., Templeton Global Advisors Limited, Morgan Stanley Investment Management, Inc,, Marsico Capital Management LLC, Mellon Capital Management Corporation, and Wellington Management Company, LLP.

The ADA Program offers an IRS-approved defined contribution master plan and a volume submitter plan that have been developed to meet the special needs of dental offices. The Program includes a full service arrangement including a Program Web site with processing and reporting of financial transactions and quarterly statements of invested assets. Consulting services are provided on all aspects of the program, as is information on investment performance and counseling in selecting retirement benefit options. The ADA Program offers a wide variety of options for investment of participant contributions. They include a suite of both risk-based and age-based asset allocation funds, multiple choices in the small-cap, mid-cap and large-cap stock asset classes, as well as an emerging market fund, two international/global funds, a high yield fund, a bond fund, plus a series of fixed income accounts that guarantee both principal and interest. All investment options are available for use either in conjunction with the ADA master or a volume submitter plan or with an investment only arrangement plan.

For information on the ADA Members Retirement Program, call the administrator, toll-free at: 1-800-523-1125.

Chapter 16:

Insurance and Lifestyle Issues for the Dentist

A well-structured insurance portfolio is the foundation of any family's financial security. Even with considerable savings and a successful dental practice, a major uninsured loss can jeopardize your standard of living and destroy the profits of a life of hard work and careful investment. Your unexpected death or long-term disability could eliminate your family's primary source of income. A major illness or injury to you or one of your dependents could consume significant amounts of family savings. Destruction or damage to your dental office would not only interrupt your income, but could also result in the loss of a considerable investment. Finally, in today's litigious society, a lawsuit alleging professional or other liability could necessitate considerable legal expenses as well as a large settlement or court award for damages.

Although the bulk of this chapter is about choosing the right insurance policies to protect yourself and your family, it makes sense to also discuss lifestyle issues that can influence how early or often you need to use medical, disability or life insurance. A healthy lifestyle, combined with effective stress management and a no-nonsense approach to ergonomics, can help you enjoy the practice of dentistry for many years.

The Dentist Lifestyle

A recent ADA survey on the wellbeing of dentists brings good news about the lifestyle of your chosen profession. Dentists in general are healthy, get regular exercise, and adequate hours of sleep. Equally important, the levels of career satisfaction are strong in all age groups. Work satisfaction is closely correlated to feeling in control of the work environment, which is excellent news for dental students. If you enjoy the clinical practice of dentistry now, you will enjoy it even more when you are on your own in a dental practice. In addition, dentistry offers the opportunity for exceptional work-life balance. The average work week of dentists in private practice is just under 40 hours, and dentists in private practice have a high degree of control over their work hours. As a result, just slightly more than 10 percent of dentists consider themselves in a high-stress lifestyle.

Although the news is good for the dentist lifestyle in general, it doesn't mean that all new dentists will have a smooth transition to dental practice or an easy time the first few years. Some new dentists may find themselves working undesirable hours, or stringing together two or more part-time jobs as they establish their practices. Further, the early years of practice-building are often the years when families are begun, and stress levels increase when there is a larger demand for taking care of children at home.

As you have no doubt discussed with your patients, prolonged stress in work or life can affect both dental and physical health. High job stress can lead to poor eating habits and too little exercise, causing weight problems, high blood pressure, and high cholesterol. Severe stress and job burnout have been shown to increase the likelihood of heart disease, stroke and diabetes. You can protect yourself during the next stressful years by adopting the guidelines for a healthy lifestyle.

First, you recognize the importance of a well-balanced diet to physical health. You are very familiar with the food pyramid, but did you know you can go online at mypyramid.org and have a food pyramid customized to your sex, age and lifestyle? You also know that lots of fresh vegetables and low-fat protein can help your body cope with stress, but don't forget that having meals on a reasonably regular schedule is important as well.

Second, you recognize the need to make time for exercise. You may not have access to the university fitness center or the extra income to join a gym, but 30 minutes a day three times a week should be your absolute minimum of exercise time. As you look for larger blocks of time to dedicate to jogging, swimming or Pilates, consider alternatives such as streaming exercise videos and podcasts, pushups and situps during break times or TV commercials, arm curls with weights during phone calls, and of course, choosing the stairs over the elevator.

A no-nonsense approach to ergonomics, can help you enjoy the practice of dentistry for many years.

Third, find ways to manage your stress levels. Recommendations include:

- Use a time management system that suits your particular needs, whether it be a date book, online calendar, or a PDA.
- Break large tasks into smaller projects. If you can concentrate on what needs to be done today and this week rather than by the end of the business quarter, you will have lower stress without losing efficiency.
- Shorten your to-do list. Analyze your responsibilities, and decide which tasks are most important. If something isn't truly necessary, put it at the bottom of the list or eliminate it entirely.
- Learn to say "no." Whether in your personal or professional life, look very carefully at requests for time, resources or additional responsibilities. Don't take on more than you can manage.
- Make the most of your workday breaks. Ten minutes of personal time to take a brief walk, call a friend, or just sit quietly can refresh your outlook.
- Set reasonable performance standards. If you expect constant perfection from yourself, your staff and your colleagues, you are heading for high stress and job burnout.
- Do something you enjoy every day. Make time for your favorite leisure activities, whether it be playing the piano, window shopping, or reading a book.
- Beware of unhealthy ways of coping with stress, such as smoking, drinking alcohol, taking drugs to relax, withdrawing from friends and family, or taking out your stress on other people.
- Find a mentor. Your state or local dental association can help you connect with someone who can give you valuable support and advice.
- Think positively. On a particularly bad day, remember to take a moment to think about all the things you appreciate in your life, especially your own valuable skills.

Find a mentor. Your state or local dental association can help you connect with someone who can give you valuable support and advice.

The ADA Dentists Health and Wellness program offers resources to help dentists be more proactive in looking at their own health and wellness, support for dentists with disabilities, and personal assistance, including referral information on treatment facilities for alcohol and other drug dependencies. For information on these services, along with services through your state dental association, call the ADA toll-free number, extension 2772.

Ergonomics

Part of a healthy dental lifestyle includes attention to good ergonomic practices. Because the provision of dental treatment often requires awkward physical positions, more than 70 percent of dental students report neck, shoulder and lower back pain by their third year of dental school. In addition, dentists often experience pain in the hands, including such conditions as carpal tunnel syndrome. Many of these musculoskeletal disorders are cumulative, building up over the years of dental practice. Good habits started early are the best way to protect your physical comfort, productivity and earning potential.

Recommendations to improve your posture during clinical dentistry include:

- Position the patient so that your elbows are lower than your shoulders, and keep your wrists even with or lower than your elbows.
- Adjust the patient's chair when accessing different quadrants.
- Alternate between sitting and standing.
- Use a surgical magnification system when necessary, allowing for a comfortable posture while maintaining a close view of the treatment.
- Place instruments, materials and medications within easy reach.
- Take breaks. Pausing briefly and frequently can minimize fatigue and the risk of musculoskeletal disorders.
- Schedule patients so that you alternate between long, difficult cases and short, easier cases.

Recommendations to protect your hands from pain and injury include:

- Stretch your wrists and fingers, especially the area between the thumb and index finger.
- Stabilize your hand by resting your elbow on the chair's back or arm.
- Use hand instruments with larger-diameter handles. A larger handle distributes pressure across a larger group of hand muscles.
- Use full-arm motions rather than wrist strokes when possible.
- Avoid coiled cords and hoses, because the tension transfers to the hand when you stretch the cord.
- Wear well-fitting gloves that don't restrict movement.

For more information, the ADA offers a series of ergonomic resources online at ADA.org. Or, you can contact the Council on Dental practice at the ADA toll-free number.

Life Insurance

Life insurance protects your dependents against the loss of financial support that would result from your death. It can also serve as security for loans. You may have no need for large amounts of life insurance if no one is financially dependent upon you and you do not need to borrow large sums of money.

If you died tomorrow, how much income would your family need to maintain the current standard of living, meet outstanding debts, educate children and fulfill other obligations? Determining the total amount needed to discharge debts and generate family income is the first step in calculating the amount of life insurance you need.

Next, identify assets available to offset these expenses, including savings and investments, income from your spouse's employment or social security, the value of your dental practice, and other assets. The difference between the value of your current assets and your dependents' financial needs is the amount of life insurance you should maintain. (Many financial planners recommend an amount between eight and twelve times your current annual income, although this is only a rule of thumb that will vary based on individual circumstances). A reevaluation of your life insurance needs should be made periodically, and the amount of insurance protection adjusted to reflect changing circumstances and inflation. For example, if you borrow money to purchase a home or equip your dental office, you will need additional life insurance coverage. Conversely, when your children are no longer dependent upon you or debts are repaid, the amount of insurance can be reduced.

Life insurance policies can offer significant tax advantages. Generally, beneficiaries do not pay income tax on policy proceeds. However, if a dentist with an incorporated practice has the professional corporation pay the premiums, the Internal Revenue Service maintains that the death benefits are subject to federal income taxation.

Proceeds payable to a named beneficiary will not be subject to the cost and delay of probate and will be paid by the insurance company directly to the named beneficiary as soon as the claim is deemed payable. If your "estate" is the designated beneficiary, the proceeds will be sent to the executor of your estate and will not be available to your heirs until your will has been settled.

Life insurance may be stipulated as a condition of a loan. In such situations, the creditor may require that you execute a "collateral assignment" of your coverage in favor of the lending institution. In the event of your death, the collateral assignment would supersede your beneficiary designation. The proceeds of your policy would be used first to pay the outstanding balance of your loan; any remaining money would then be paid to your named beneficiaries. If you have executed such an assignment and the loan has been repaid during your lifetime, the collateral assignment should be released by your creditor.

Most life insurance policies offer optional methods for payment of the death benefits. If you do not stipulate otherwise, the proceeds will be paid in a lump sum to your beneficiaries. Options include periodic payments or the payment of interest on the proceeds for a stipulated period

Avoid coiled cords and hoses, because the tension transfers to the hand when you stretch the cord.

of time, after which the principal is paid. In cases where the beneficiaries are minors or otherwise incapable of handling their financial affairs, you may wish to establish a trust into which the proceeds will be deposited in a lump sum.

What to Look for in Life Insurance Policies

Evaluate several different policies before making a selection, and carefully examine policy terms, conditions of coverage and cost. The following important features should be reviewed as well.

Term life may be well suited for the young family with large financial obligations but limited income.

Renewal Guarantee: Sets forth conditions under which the insurance company can terminate coverage, revise policy provisions or increase rates.

Exclusions: Lists those causes of death that the policy does not cover. Typically, these include death resulting from war and suicide during the first two years of continuous coverage. Depending upon the insurance company, other exclusions may be listed, including death resulting from certain hazardous avocations, such as flying in or piloting an experimental aircraft, skydiving, etc.

Scope of Coverage: When comparing policies, note differences in the scope of coverage offered. For example, what is the maximum age to which the policy can be continued? Will any reductions in protection occur with advancing age?

Some policies also include features such as an accidental death benefit, providing additional benefits should death result by accident. A waiver of premium benefit maintains the policy in force without further premium payments in the event of the insured's permanent and total disability. Such additional benefits add to the cost of the coverage.

Types of Policies

Term: A term policy provides life insurance protection in its purest form. In exchange for a premium that reflects the mortality rates of a group of individuals of the same age and sex as the insured, term life provides a pre-determined death benefit. It develops no cash value that can be borrowed and if coverage is terminated during the insured's lifetime, there is no residual value.

For a given premium, a term policy provides a greater amount of coverage than permanent (cash-value) life insurance policies. As a result, term life may be well suited for the young family with large financial obligations but limited income. It is also useful when insurance is needed to cover temporary financial exposures such as debts.

The cost of term insurance increases with advancing age, and can become expensive to maintain after age 65. For this reason, it may not be a cost-effective means of providing an estate. Many individuals carry term life only during their working years, building an estate through savings and investments. As assets grow, debts are repaid and children leave home, the amount of the term life insurance protection can be reduced.

Cash-value: These policies combine life insurance protection with a savings vehicle. Available in many forms, the most common are *Universal Life or Variable Life*.

The premium for cash-value life insurance exceeds the amount necessary for the pure insurance protection. The excess premium is credited with interest or other types of investment gains and forms the policy's cash value, which can be borrowed or used as collateral for loans. Upon termination of the policy during the insured's lifetime, the cash value is paid to the policyholder.

Which is Best for You?

When is term the preferable form of life insurance protection? When...

- You need large amounts of life insurance protection and want to keep premiums at the lowest possible levels.
- You are purchasing insurance protection for a short period of time.
- You do not wish to use life insurance for investment purposes or as a means of sheltering investment or interest income from current income taxation.

On the other hand, universal, variable or universal/ variable life might be the coverage of choice if you are seeking long-term life insurance protection, wish to defer income taxation of current interest or investment

earnings, and prefer life insurance protection coupled with the build-up of cash value.

Disability Income Insurance

Disability income insurance provides continuing income in the event an injury or illness resulting in physical disability prevents you from practicing. Coupled with medical expense insurance, disability income protection is your most important health-related coverage.

In some respects, dentists are especially vulnerable to disability. Injuries to the hand and spine, for example, might not prevent an attorney from working but could be permanently disabling for a dentist. According to Great-West Life & Annuity Insurance Company, the insurance company that underwrites and administers the ADA-sponsored disability income plan, dentists have about a 30% chance of becoming disabled at some point during their professional careers.

What to Look for in Disability Income Insurance

In evaluating disability income policies, pay particular attention to the following provisions.

Definition of disability: The definition of disability describes the degree of impairment that must exist in order to qualify you for benefits. Consider only those policies that define disability as the inability to practice your "own occupation." Avoid policies that condition benefit payments upon the inability to work in "any occupation." An injury to your hand might end your career as a dentist, but would not prevent you from working in "any occupation." You have invested a large amount of time and money to obtain your professional expertise and the policy you choose should safeguard that investment.

Even if they provide an "own occupation" definition, some policies sold today will not provide full benefits if the disabled individual chooses to return to work in a new occupation. In such cases, a "residual benefit" (see below) is generally paid.

Under some policies, the definition of disability can change after a certain number of years. For example, some policies provide benefits for two or five years, as long as you are disabled from practicing dentistry; thereafter, you must also be disabled from "all occupations" or "any reasonable occupation" to qualify for further benefits.

Maximum benefit period: The benefit period sets forth the maximum length of time disability benefits will be paid. Select a policy that will provide payments until you reach age 65, so you could feasibly receive income replacement until you would normally retire from dentistry. Do not assume that permanently disabling medical conditions reduce life expectancy. Numerous injuries or illnesses do not affect expected mortality, including injuries to the hands and spine, arthritis, and mental and nervous disorders.

Residual benefit: Residual benefits are paid when the insured is partially disabled. The policy should have a "dual definition" of partial disability: 1) the inability to work in the dental office for the same number of hours as was possible prior to the onset of disability; or 2) the inability to perform all of the major functions of the practice, regardless of the amount of time spent in the office.

Most policies use similar formulas for calculating the residual benefit, so that the benefit will be proportionate to the loss of earnings resulting from partial disability. For example, if by working part-time your income is 1/3 of its pre-disability level, you have a 2/3 loss of earnings. Therefore you would receive a residual benefit equal to 2/3 of the benefit for total disability.

Residual disability benefits may be available only after a qualification period of total disability, typically 30 to 90 days. Some policies do not require a period of total disability as a condition for residual benefits, but this feature usually requires an additional premium.

Waiting period: The waiting period or elimination period is the time that must elapse from the date you first become disabled until benefits begin. Under a policy with a 30-day waiting period, you receive no benefits for the first 30 days of total disability. Your first payment, covering the 31st to the 59th days of disability, would be issued by the insurance company on the 60th day.

some policies sold today will not provide full benefits if the disabled individual chooses to return to work in a new occupation.

In selecting a waiting period, you must determine how long you could afford to be without any income. Consider continuing income from accounts receivable, savings and other sources. According to Great-West Life & Annuity Insurance Company, a 90-day waiting period is, by far, the most common for dentists of all ages.

Some policies allow multiple waiting periods. For example, you could purchase $2000/month benefits payable after 30 days and an additional $1000/month payable after 90 days.

Generally, the waiting period must be satisfied with consecutive days of total disability. If you return to work for several days after two weeks of total disability and suffer a relapse, your waiting period would begin anew on the date total disability recurred. However, some policies allow you to satisfy the waiting period if the period of total disability is interspersed with days of partial disability or even days of full-time work.

Renewal guarantee: The renewal guarantee sets forth the conditions under which the insurance company can terminate your coverage, amend the benefit provisions or raise your premiums.

Under group plans, there is a master policy that is issued to the sponsoring organization such as, for example, the American Dental Association. In some cases, like the ADA's Plan, the insurance company has given up the right to cancel the master policy. However, in other group plans, the master policy can be terminated by either the insurer or the sponsoring organization. In such cases, it is desirable that the group plan offer the dentist the right to convert coverage to an individual policy that is guaranteed renewable and provides coverage identical to that held under the group plan.

Under guaranteed renewable policies as well as group plans, the insurer retains the right to increase (or decrease) rates, but only for an entire class of insureds, such as all those of the same age. It may not single out individuals for rate increases because of a change in their health or a history of having submitted claims. If you purchase insurance on an individual (nongroup) basis, select policies that are "noncancelable/guaranteed renewable." (the insurance company cannot cancel the coverage before the date originally specified in the contract nor can it change the terms of coverage or the premiums.)

Benefit amount: As a rule of thumb, dentists should purchase insurance that will provide monthly disability benefits approximating 60% of pre-tax net income (practice gross income less overhead expenses.) Disability insurance benefits are not generally subject to income taxation. However, some dentists with incorporated practices have their professional corporations pay disability insurance premiums. In such cases, the IRS has held that the benefit payments are taxable as ordinary income. For this reason, payment of disability insurance premiums by a professional corporation is not recommended.

Given the tax treatment of disability benefits, most insurers limit the amount of coverage you can buy. A common stipulation is that the coverage under all disability policies cannot exceed 50% to 75% of net income before taxes.

Other considerations: Many dentists fail to realize that disability income insurance is perhaps the most strictly underwritten of all coverages — even more so than life insurance. Before protection is issued, the insurer will require proof that you are in good health; no company will cover potentially disabling conditions present prior to the date coverage is issued. So, it is essential that you purchase as much disability insurance as possible while you are young and healthy. If you wait until middle-age, you run the risk of being uninsurable.

According to Great-West Life & Annuity Insurance Company, a 90-day waiting period is, by far, the most common for dentists of all ages.

Business Overhead Expense Insurance

Solo practitioners or dentists who are responsible for a share of a group practice's overhead expenses should purchase business overhead expense insurance in addition to personal disability income coverage.

Office overhead expense insurance is similar to disability income insurance in that benefits are payable when you are disabled. Unlike disability income insurance, which provides a pre-determined monthly benefit, office overhead expense insurance

reimburses for actual expenses incurred in maintaining the office during a period of disability.

Overhead expense insurance plans provide reimbursement for such items as office rent (or mortgage interest and real estate taxes), utilities, staff salaries and benefits, business-related insurance premiums, interest on debts incurred purchasing or furnishing the dental office, and depreciation of office equipment and furnishings. Some policies even cover the cost of a replacement dentist hired specifically to cover for you during your disability. The policies do not cover lost income, laboratory fees, cost of supplies or retirement plan contributions.

What to Look for in Overhead Expense Insurance

Many of the important policy provisions previously discussed with respect to disability income insurance apply also to business overhead expense plans, including renewal guarantees, an own occupation definition of disability and appropriate waiting periods. Benefits under overhead expense plans are generally payable for no more than two years, assuming that a dentist disabled for a lengthy period would not maintain an office. In most cases, overhead expense plans do not provide benefits during periods of partial disability.

Office overhead expense coverage should cover a dental office's ongoing expenses in the absence of the practitioner. Such a calculation should reflect a reduction in staff expenses, utilities, and laundry charges, but no reduction for fixed expenses (rent, debt service, depreciation, business insurance premiums).

Medical Insurance

Medical expense insurance is intended to protect against financial losses if major illness or injury strikes you or your dependents.

At the time of this publication, there is a great deal of national discussion about the changing landscape of healthcare reform. As you find yourself closer to making a decision about securing medical insurance, you will want to ensure you have the most up-to-date information on the options available to you.

The traditional and most widely utilized is a conventional policy providing predetermined reimbursement for specific expenses. Under this approach the insured has full discretion in selecting physicians and hospitals, which are compensated on a fee-for-service basis. However, some insurers offer preferred provider coverage wherein a higher percentage of a physician's or hospital's bill may be reimbursed if the physician or hospital is included on the insurer's list of preferred providers. Under conventional policies, coverage for routine physical examinations is generally excluded, and policy limitations or restrictions may apply for certain out-patient treatments and physician office visits.

An alternative approach is the Health Maintenance Organization (HMO), wherein the insured is covered for medically necessary treatments, regardless of the severity of the injury or illness. Routine physical examinations are covered, as are treatments on an out-patient basis. However, you must obtain treatment at one of the medical facilities participating in the network.

In an HMO a limited number of physicians from which you will be allowed to select your "primary" health care provider will be available. The primary physician has full control over the scope of any treatment to be provided to you, the participation of a specialist in the treatment, where and when you will be hospitalized, what test will be performed, and so on.

Conventional Medical Insurance Policy Features

The *deductible* is the amount of covered expenses you must incur and pay out-of-pocket before the policy provides reimbursement. Generally, the higher the deductible, the lower the premium.

Most policies offer a choice of deductibles. Remember that even with the lowest deductible offered and 100% reimbursement of covered expenses, you will still incur out-of-pocket expenses, such as the cost of a private hospital room, private duty nursing services, certain outpatient treatments, expenses that exceed policy limitations and charges that exceed "usual, customary and reasonable" fee guidelines.

The deductible is the amount of covered expenses you must incur and pay out-of-pocket before the policy provides reimbursement.

If you have more than one medical policy, be sure you do not duplicate coverage.

The *maximum benefit* is the total covered expenses for which the policy will provide reimbursement. In cases where no maximum benefit amount is stipulated the policy is said to provide unlimited benefits.

The *co-insurance feature* describes the percentage of covered expenses the policy will reimburse after the deductible is satisfied. Typically, policies reimburse for 80% of covered medical expenses; the remaining 20% must be paid by the insured. Some policies include a co-insurance (out-of-pocket) limitation that specifies the maximum covered expenses the insured must pay. Once the co-insurance limit is reached, the policy provides 100% reimbursement of covered expenses for the remainder of the benefit period.

Surgical schedules: Many policies contain schedules listing the maximum reimbursement for surgical procedures or the services of radiologists and anesthesiologists. Alternatively, such charges may be subject to "usual, customary, reasonable fee" limitations, which could be less than the provider's requested fee.

Other limitations: Most medical expense policies stipulate a maximum reimbursement for certain expenses, including hospital daily room and board charges, maternity and childbirth expenses, nursing care expenses, outpatient treatments, and expenses resulting from mental and nervous conditions.

What to Look for in Medical Insurance

Renewal Guarantee: In most cases, medical insurance policies are strictly underwritten and persons with adverse medical histories may not be able to purchase protection. Therefore, it is imperative to understand your policy's renewal guarantee. The policy should guarantee your rights to renewal regardless of your health history and until the date on which you become eligible for Medicare. At that time, the policy should provide the guaranteed right to purchase coverage that supplements Medicare.

If the coverage is issued under a group plan, the renewal guarantee should provide the guaranteed right to convert to an individual policy if you leave the group or if the group plan is terminated.

Scope of Coverage: The policy should include a maximum benefit payment adequate to cover catastrophic medical expenses.

You should also review the policy's exclusions to determine which medical treatments will require out-of-pocket payments, and any physical conditions for which coverage may be excluded.

Review the formula by which the deductible is satisfied. The policy may stipulate that the deductible must be satisfied annually or for each medical condition. It may apply to each family member individually or to the family as a whole.

Duplication of Coverage: If you have more than one medical policy, be sure you do not duplicate coverage. Many policies will not pay benefits if you have already received reimbursement from another insurer.

Supplemental Medical Insurance

Today's rising health care costs mean that more expenses are being passed to consumers in the form of higher deductibles and co-pays, increased premium rates, and more restrictive coverage. In order to obtain quality coverage, you will likely be required to pay more for your medical care than ever before.

Supplemental medical insurance takes over where your major medical coverage stops, and gives you cash to help cover the out-of-pocket expenses you incur while undergoing preventive care and medical treatment. There are two basic types of supplemental medical coverage, hospital indemnity insurance and critical illness insurance.

Hospital Indemnity Insurance

Hospital indemnity insurance plans pay a fixed amount each day the insured is hospitalized. (In many cases, hospital stays that involve emergency room or intensive care treatment are also eligible for benefits.) Unlike medical expense plans, which provide for reimbursement of specific medical care costs, benefits under a hospital indemnity insurance plan are paid directly to the insured to be used for any purpose.

Many dentists purchase hospital indemnity

coverage to supplement the protection provided by their medical expense insurance. Benefits from a hospital indemnity plan can help pay for expenses not covered by the medical policy, such as deductibles and copays, second opinions and experimental drugs or treatments, minimizing your out-of-pocket expenses.

Critical Illness Insurance

Critical illness insurance plans pay a lump-sum amount when the insured first suffers a critical illness like heart attack, stroke, life-threatening cancer, or kidney failure. The benefit can be used to cover or offset the out-of-pocket costs associated with recovery and rehabilitation, although there is no stipulation on how the cash may be used.

Professional Liability Insurance

Professional liability (malpractice) insurance is essential for every dentist. Society has become increasingly litigious and awards for damages can be substantial.

A professional liability insurance policy is intended to protect you from the costs of litigation and awards for damages in the event you are sued for malpractice. (Malpractice is generally defined as any negligent act or failure to act, the direct result of which leads to a claim of injury by the patient.)

Patients can bring malpractice suits against a dentist many years after treatment has been provided. The time allowed to institute legal action is governed by each state's statute of limitations.

Types of Liability Coverage

There are two types of dental professional liability coverage — occurrence and claims made. It is important to understand the differences between these two forms of protection.

Under an *occurrence policy* the dentist is insured against malpractice claims arising from professional services rendered while the policy is in force. Even if the incident is reported after the policy has expired, the insurance company must still defend the dentist and pay any settlement or court-awarded judgment that does not exceed policy limits.

The *claims-made policy* requires that the incident both occur and be reported while the policy is in force. If suit is brought against the dentist after the policy has been terminated, the insurance company has no obligation to the dentist. As a result, termination of the claims-made policy can leave the dentist with an uninsured loss exposure, since in the future patients may bring suit for treatments received in the past.

Given this exposure, claims-made policies generally offer dentists the right to purchase an extended reporting endorsement (or "tail") when the policy is cancelled or non-renewed. This endorsement extends coverage of claims arising from treatments rendered while the claims-made policy was in force. In effect, purchasing an extended reporting endorsement can convert the claims-made policy to occurrence-type protection.

Substantial variances exist between the costs of these two types of policies during the first five years of continuous protection.

The relative cost advantage of a claims-made policy in the first five years of continuous protection is a form of "cash flow" benefit, rather than absolute premium savings, because when the claims-made policy ends, the insured may need to purchase an extended reporting endorsement, the cost of which may range from 150% to 200% of the final premium paid under the claims-made policy. Because the price of the endorsement is determined by rate levels prevailing at time of purchase, its cost cannot be determined in advance.

While the claims-made policy form offers some cash-flow benefits, some dentist are uncomfortable with the uncertainty about the cost of the extended reporting endorsement. To address this concern, some insurers will offer the endorsement at no cost in the event of the insured's death, permanent disability or retirement after a stipulated number of years of continuous claims made coverage.

Patients can bring malpractice suits against a dentist many years after treatment has been provided.

Cost of Premiums

Premiums for professional liability insurance will be determined not only by the form of your policy, but also by the limits of liability you select, the geographic location of your practice, the types of procedures and treatments you provide, and whether or not you use conscious sedation techniques or general anesthesia in your practice. Some companies also employ rate differentials based upon your special area of dental practice, past claim experience, continuing education, etc.

The "limits of liability" offered under your policy indicates the maximum loss the insurance company will cover. It is frequently recommended that dentists secure at least $1 million of coverage per claim. Dentists performing high risk procedures or utilizing conscious sedation or general anesthesia are advised to seek higher policy limits. Obviously, the higher the policy limits the greater the cost of coverage.

The limit of liability is the maximum amount the insurer will pay in cases where the dentist is found at fault in a malpractice allegation.

As a general rule, dentists located in highly populous states pay higher premiums than dentists with similar loss exposures in rural areas. Practitioners in major metropolitan areas may pay higher premiums than their colleagues in the suburbs and smaller towns in the same state.

Some insurers will cover all treatments and procedures permitted by state dental practice acts. However, some carriers may refuse to cover certain procedures considered by the insurance industry to be experimental or exceptionally risky. Be sure the policy you select covers all treatments and procedures you intend to perform.

Some carriers will not cover dentists using conscious sedation techniques, with the possible exception of nitrous oxide inhalation sedation.

Others provide coverage at a substantially higher cost. The highest rates are generally paid by dentists who treat in their offices patients who are rendered unconscious with general anesthesia. Oral surgeons, including those who do not use general anesthesia, are generally included in the highest rate categories.

Your alternatives for professional liability insurance will depend upon the location of your practice. Many carriers restrict their policies to certain areas of the country or to a few states. The best source of information about your coverage alternatives is your state or local dental association, or the ADA Council on Members Insurance and Retirement Programs at the toll-free member number.

Renewals

Professional liability insurance policies provide no renewal guarantees. A dentist with a history of repeated malpractice allegations, or even a single incident of sufficient severity, will probably be faced with policy non-renewal.

Similarly, the insurance company may at some point decide it will no longer write dental professional liability insurance and may terminate all policies as they come due for renewal. That decision may relate to losses incurred in its professional liability line or to a decision by the state insurance regulators regarding rates. While dentists should be aware of such a possibility, there has never been a time when professional liability insurance has not been available for practitioners with satisfactory claim histories.

What to Look for in Professional Liability Insurance

Dentists selecting professional liability insurance should consult with an insurance agent knowledgeable in malpractice coverages. Equal consideration should be given to cost, scope of coverage and the financial soundness of the insurance company. Preference should be given to companies experienced in dental professional liability insurance who have demonstrated a long-term commitment to the marketplace.

In terms of policy provisions, the following features should be closely examined. This listing is not a comprehensive checklist; it should be used only in conjunction with the advice of a knowledgeable insurance agent.

Limits of liability: The limit of liability is the maximum amount the insurer will pay in cases where the dentist is found at fault in a malpractice allegation. That amount may include the costs of legal defense and court costs, along with any award or settlement paid to the patient.

Policies generally list a maximum limit of liability for each claim, and an "aggregate limit" for all claims incurred during a policy year.

Scope of coverage: Ideally, a professional liability policy should cover all treatments permitted by the state dental practice act. In recent years however, some companies have refused to cover certain treatments or procedures. These may be specifically excluded in the policy or the application. Carefully review the policy to make certain that all treatments and procedures performed in your practice will be eligible for coverage.

The professional liability policy should also cover acts or omissions of the dentist's auxiliaries and other employees. If the dentist has an incorporated practice, the professional corporation should also be listed as a named insured on the policy. In case of litigation, the suit may name all individuals having even the most remote involvement in a treatment as additional defendants.

General anesthesia and conscious sedation: Some insurers refuse to cover dentists utilizing general anesthesia. Other carriers may provide coverage if sedation is performed in a hospital. Insurers that cover the practitioner utilizing sedation will require an additional premium.

Consent to settle: Some policies provide that the insured must agree to any settlement of a claim. Such policies may also stipulate that if the company recommends a settlement and the dentist withholds consent, the insurers maximum liability will be limited to the amount for which the claim could have been settled. If a trial court subsequently finds in favor of the patient, the dentist is generally required to pay that portion of the award exceeding the original settlement offer, plus the costs of his defense incurred subsequent to the date the settlement was first recommended. As a result, withholding consent to settle can place the dentist at a significant financial risk.

Extended reporting endorsement: When purchasing a claims-made policy, examine carefully the terms of the extended reporting endorsement that must be purchased if the policy is cancelled or non-renewed. Verify that the insurer is contractually obligated to offer the endorsement upon coverage termination for any reason. In addition, examine the period of time in which the endorsement will allow the continued reporting of claims arising from treatments rendered while the claims-made policy was in force. It is recommended that the extended reporting endorsement provide for an unlimited reporting period. Finally, be sure the limits of liability offered under the tail are adequate, and that they are not reduced by claims incurred while the policy was in force.

Business Liability and Property Insurance

The following are recommended for dentists operating their own offices either as a solo practitioner or as a member of a group.

Business Liability Coverage

Office liability insurance provides reimbursement for losses sustained as a result of bodily injury or property damage incurred by others for which you are held liable. It should also protect you from claims by your landlord for damage caused by fire or water damage to office premises leased to you and resulting from your negligence or that of your employees.

Personal injury liability insurance provides reimbursement for losses sustained as a result of claims of personal injury. These include: libel, slander, defamation of character, false arrest, invasion of privacy, wrongful eviction and humiliation.

Employer's non-owned automobile liability insurance provides protection against claims arising from automobile accidents involving your employees while using their cars for your business, such as errands or trips to the bank.

Medical payments insurance provides reimbursement for losses sustained as a result of accidents or incidents on your office premises that injure patients or other members of the public.

Some policies provide that the insured must agree to any settlement of a claim.

Workers' compensation insurance provides payments to employees for injury or occupational disease suffered in connection with their employment. Some states require this coverage as a condition of operating a business.

Property Insurance Coverage

Operatory and office equipment and contents insurance provides for the replacement of lost or damaged property. Ideally, this coverage should provide for reimbursement on a "new for old" basis without deduction for depreciation. Periodically reevaluate coverage limits to make certain they reflect current value of equipment and office contents (i.e. that the office is "insured to value"). If policy limits are lower than the current value of the insured equipment and contents, the insurance company may not fully reimburse for the losses sustained.

In-transit loss insurance reimburses you for the loss of professional property while it is in transit away from the office. (For example, theft or loss of a dental articulator in transit to the lab.)

Office records and money insurance reimburses you for the cost of reproducing lost, damaged, destroyed or stolen office or professional records. It also replaces money which is lost, damaged, destroyed or stolen.

Patient charts insurance reimburses you for the expense of retaking images of patients whose records have been lost, damaged, destroyed or stolen.

Accounts receivable insurance compensates for uncollectible receivables resulting from damage to or destruction of records in an insured loss.

Practice interruption and extra expense insurance provides compensation for lost or reduced income resulting from suspension of practice due to interruption of water or power supplies damaged by a covered insured peril (such as a tornado but not war) away from your premises. It also provides compensation for the extra expenses of setting up new or temporary office premises following loss or damage.

Insurance coverages provided by group plans are almost always less expensive than policies sold individually.

Where to Go for Insurance

Insurance can be obtained through group plans, such as those sponsored by dental societies, or on a non-group basis from local agents of commercial insurance companies.

Group insurance plans are sponsored by the American Dental Association, its constituent and component dental societies, the Academy of General Dentistry and the dental specialty groups. Insurance coverages provided by group plans are almost always less expensive than policies sold individually, and are typically marketed through the mail.

The ADA-Sponsored Group Insurance Plans

Five group insurance plans are sponsored by the ADA to provide member dentists with high-quality insurance coverage at competitively low rates. By taking advantage of its volume buying power, the ADA eliminates the middleman costs (such as agent commissions) and benefits from the economies inherent in group administration and marketing.

Because the ADA Insurance Plans are operated on a not-for-profit basis — unlike many group plans available to dentists — savings go directly to Plan participants, rather than to the Association. When each Plans' financial results are favorable, savings are shared with Plan participants in the form of Premium Credits.

Most importantly, ADA sponsorship assures that the terms and conditions of the insurance coverage meet the specific needs of dentists and that high standards are maintained in service levels and claims payment processes. The ADA Council on Members Insurance and Retirement Programs routinely reviews each Plan to guarantee that arrangements reflect the changing face of organized dentistry. The five Plans that comprise the ADA Insurance Plans are as follows:

Term Life Insurance Plan: At rates among the lowest available to dentists, you can obtain Term Life insurance, at any amount from $50,000 to $2 million, to protect your family's future. (Even your spouse and/or children can be affordably

protected under this Plan.) Options include an Accidental Death benefit that pays an additional amount if death occurs by accident, plus a disability-driven Waiver of Premium option that's activated if you become totally disabled before age 60. As long as you apply for Term Life before age 65, coverage is renewable to age 81.

Every year, about 100,000 people (including ADA members, dental students, spouses, and dependent children) participate in the ADA Term Life Plan. Volume buying power keeps rates affordably low, and participants enjoy long-term, flexible insurance protection.

Term Plus® Universal Life Insurance Plan: The Term Plus Plan offers all the features of Term Life coverage — up to $2 million of life insurance protection, Plan options, and coverage renewability — plus the ability to accumulate funds in a tax-deferred, interest-bearing Policy Value Account. After establishing the Account with a minimum initial contribution, you determine the amount and frequency of deposits. The cost of insurance plus a small administrative fee are deducted monthly from the Account to cover your insurance premiums. In addition, periodic statements provide an up-to-date accounting of the compounding value of your Account. Savings can be used to fund a child's education, your retirement savings, or emergency expenses.

The Term Plus permanent life insurance Plan provides an excellent way to diversify your financial portfolio at the same time you provide insurance protection for your family. Cash accumulations earn a competitive rate — guaranteed 4% minimum — and income tax on earnings is deferred until the time you withdraw funds.

Income Protection Plan: The Income Protection Plan is one of the most competitively priced ADA plans available — with rates that can be up to 30%-40% less than other disability plans.* To protect the income that supports your standard of living, the Income Protection Plan provides up to $10,000 in monthly disability income insurance. Based on an "own occupation" definition of disability, benefits can be paid to age 65 (renewable to age 70) if total disability prevents you from performing the regular duties of your dental specialty. Full benefits are still paid even if you should elect to return to work in a new occupation.

Choose the waiting period that works best for you, either based on the premium you want to pay or the amount of time you wish to wait before benefits are payable. Coverage in the Income Protection Plan includes Residual Disability, which allows you to receive partial benefits when you return to work part-time. In addition, low-cost Plan options include Residual Plus (which allows for the payment of partial benefits even if you are never totally disabled,) COLA (Cost of Living Adjustment), and a Future Increase Option that lets you increase your coverage without medical underwriting.

* Rate comparisons are based on data analyzed by Great-West Life.

Office Overhead Expense Plan: The practice you're building can be protected during periods of total disability with up to $25,000 in monthly Office Overhead Expense Plan benefits. Such operating expenses as payroll, rent or mortgage payments, maintenance contracts, student loans, and professional association dues are covered by this Plan. You can even collect benefits to help cover the cost of a replacement dentist during a period of total disability. Benefits are payable retroactively from the first day of disability, once you satisfy a 30-day waiting period.

In addition to an own occupation definition of disability, the ADA Office Overhead Expense Plan includes residual disability coverage (so you don't have to be totally disabled before receiving benefits), up to $2,500 in guaranteed coverage increases, a leave of absence provision, and a fully paid voluntary rehabilitation program for disabled participants. Rates can be as much as 30%-50% less** than other business overhead policies.

**Rate comparisons are based on independent research conducted by Great-West Life.

MedCASH Plan: To allow you to handle life's little emergencies with confidence, the MedCASH Plan provides supplemental medical coverage that pays cash benefits directly to you. The Plan

Every year, about 100,000 people (including ADA members, dental students, spouses, and dependent children) participate in the ADA Term Life Plan.

provides up to $500 in hospital coverage for each day you or a covered family member is in the hospital, plus up to $50,000 in lump-sum critical condition coverage in the event you are first diagnosed with any one of 17 qualifying critical illnesses (including heart attack, stroke, life-threatening cancer, and AIDS). It's worth noting that critical illness coverage is relatively new in the United States, and the ADA is one of the first organizations to sponsor a plan offering this cutting-edge coverage to its members.

With the MedCASH Plan, cash benefits can be used any way you see fit. For example, your daily benefit amount can help pay any expenses you may incur, such as your medical plan's deductible, hospital private room charges, day care costs, or travel expenses for you or a caregiver. At your request, payment can be made directly to the hospital or other health care facility you designate. Your critical condition benefit can also be spent any way you want — for example, to help pay for any medical or personal costs you incur to survive a critical illness, such as hospital or physician co-pays, experimental drugs or treatment, renovations to your home or office, or even a vacation to recuperate.

You should review your coverage on an annual basis.

Visits to the emergency room are covered at 50% of the daily benefit, as is skilled nursing facility care or home health care that follows hospitalization. The Plan also pays double benefits for confinements in intensive care, as a result of certain critical illnesses, or if you and your covered spouse are injured in the same accident. In addition, benefits are provided for outpatient surgery and cancer treatment, and hospital stays due to childbirth. Coverage can be obtained for you, your spouse, and your children at affordable rates.

All of the ADA-sponsored Insurance Plans are administered and underwritten by Great-West Life & Annuity Insurance Company. Information about the ADA Insurance Plans is presented as an outline only and does not constitute a contract. All policies are subject to underwriting and are not guaranteed issue unless specifically stated otherwise. Each approved Plan participant will receive a Certificate of Insurance explaining the terms and conditions of the appropriate policy. Benefits are provided through group policies filed in the state of Illinois, and all eligible ADA members residing in any U.S. state or territory may apply for coverage. All policies are subject to, governed by, and shall be construed in accordance with Illinois law. For Plan specifics and rate information, call toll-free 888-463-4545.

Other Plans

Medical insurance plans are endorsed by most of the constituent dental societies and a few component dental societies. For information and additional resources for purchasing health insurance, go to ADA.org or call the Council on Members Insurance and Retirement Program for assistance at the ADA toll-free member number, extension 2885.

Maintaining Your Insurance Policies

Your insurance responsibilities do not end when coverage has been issued. You should review your coverage on an annual basis. Do not delay purchasing life, disability, overhead expense and medical expense insurance. Your ability to purchase some or all of these will depend upon your meeting the insurance company's underwriting requirements. The older you are, the more likely it is that you may have an adverse medical history that could result in your being refused insurance or offered coverage on a restricted basis. Being a member of the ADA or other dental societies does not guarantee you the right to participate in sponsored group plans. You are guaranteed only the right to apply for coverage as stated by each policy's eligibility requirements.

For policies that reimburse specific expenses, such as medical and disability overhead expense insurance, maintain careful records of costs for which you will be seeking reimbursement. Make certain that you know the premium renewal dates of each of your policies, so that your coverage does not inadvertently lapse for nonpayment of the premium. If your policy lapses and you have become uninsurable, you may not be able to replace the coverage at any price.

Glossary of Common Insurance Terms

Absolute assignment: A policy assignment under which the person to whom an assignment is made receives full control and ownership over the policy and full rights to its benefits.

Assignment: The legal transfer of total or partial ownership of an insurance policy, for purposes of benefit payment. See Collateral assignment.

Beneficiary: The person (or entity) to whom the proceeds of an insurance policy are payable when the insured dies. In certain cases, a trust may be your designated beneficiary.

Benefit: The amount payable by the insurance company, as stipulated in your policy. Depending on the nature of the coverage, the benefit may be paid directly to you, your beneficiary or assignee, or the provider/institution that renders service.

Certificate: The written contract between a group and the insurance company that is issued to individual insured members of the group. The Certificate outlines the essential features of your coverage, along with the terms and provisions of the policy. Generally applies to group insurance only. See Policy and Policyholder.

Certificate holder: The person to whom a Certificate of insurance is issued unless otherwise assigned.

Claim: A request or demand for payment of benefits under the terms of your insurance policy.

Co-insurance: A shared financial burden in which you and your insurer share the cost of claims by a predetermined ratio. For example, in an 80/20 coinsurance arrangement, 80% is paid by the insurance company, and 20% is paid by you. Generally applies to medical and dental insurance only.

Collateral assignment: The assignment of a policy to a creditor as security for a debt.

Coordination of Benefits (COB): The cooperative method by which multiple insurance carriers manage benefits to avoid duplication in payment when an insured is covered by more than one policy. Generally applies to medical, dental, and disability insurance only.

Copay: An out-of-pocket payment, usually required by the insurance company, that you are required to make at the time service or treatment is rendered. Generally applies to medical and dental insurance only.

Deductible: An out-of-pocket amount you agree to pay before the policy provides benefits. In general, the larger your deductible, the lower your insurance premium.

Exclusion: Specific items or circumstances not covered by your insurance policy. In life insurance policies, suicide is typically listed as an exclusion for cause of death.

Guaranteed issue: Coverage that the insurance company will guarantee to issue, or for which you will qualify (pending eligibility), without providing proof of insurability. See Proof of good health and Proof of insurability.

In force: The status under which your insurance policy is "active" and legally binding.

Insurability: Personal conditions (such as your health, age, occupation, income, life expectancy, etc.) that determine your risk factor and ability to qualify for insurance coverage.

Lapse: Termination of your policy because of failure to pay the required premium. See Out of force.

Level premium: A premium that remains the same throughout the life of your policy, or for an identified period of time.

Liability: Your legally enforceable obligations, which may include compensation for damages to someone else's person or property.

Medical evidence: Any statements by you and/or your personal physician, laboratory test results, or medical records and reports, that help the insurance company determine your insurability when applying for life, medical, or disability coverage, or your eligibility for a benefit when you file a claim.

Out of force: A policy that is no longer legally binding, usually because its time period has expired or because it has terminated due to failure to pay premiums. A policy may also go out of force

Deductible: An out-of-pocket amount you agree to pay before the policy provides benefits.

if terminated at your request, upon your death, or if you fail to satisfy eligibility requirements.

"Own occupation" coverage: Disability coverage that is defined (and for which benefits are payable) relative to your specific occupation or profession. By contrast, "any occupation" coverage is payable only if you cannot work in any occupation for which you are reasonably suited by education, training, and/or experience. An important distinction in disability insurance.

Policy: An insurance contract.

Policyholder: You, or the person who holds (or owns) an insurance policy. In group insurance, the group holds the master policy, and individual members of the group receive coverage (and a Certificate) that is based on the terms and provisions of the group contract. See Certificate; Certificate holder; and Policy.

Premium: The periodic payment you make to keep an insurance policy in force. Premium, also known as the cost of insurance, is paid in advance of your coverage period. Payment frequency will vary by policy, but is typically monthly, quarterly, semi-annually, or annually.

Proof of good health: Written evidence that you are insurable according to the general underwriting standards of the insurance company. See Insurability and Medical evidence.

Reimbursement coverage: Insurance policies that reimburse you (or a service provider) for the exact expenses you incur. For example, business overhead expense insurance will reimburse you for certain office expenses while you are totally disabled.

Reinstatement: The resumption of coverage (according to the same parameters) under a policy that had previously terminated or gone out of force. See Lapse and Out of force.

Rider: An attachment or supplemental agreement that adds something to a standard insurance policy whereby the conditions of the coverage are expanded or some conditions of the coverage are waived and are therefore not covered. Issued on a case-by-case basis, a rider can be either restrictive (offered as a way for the insurance company to consider you an acceptable risk) or additive (offered to provide additional coverage for items/circumstances not generally insured).

Renewal guarantee: A clause that sets conditions under which you can automatically renew coverage. Many insurance policies offer guaranteed renewability as long as you satisfy its eligibility requirements and pay premiums when due.

Residual benefits: A term used in disability insurance to describe benefits that are paid when you are partially disabled.

Suspension of benefits: The status under which your insurance coverage will continue, but no benefits will be paid and perhaps no premiums will be due, usually after maximum benefits have been paid for a particular condition.

Underwriting: The process of evaluating your insurability, level of coverage, and/or premium rates based on a review of your medical evidence and/or financial status.

Waiver: An amendment or rider to a policy that excludes payment of benefits under certain conditions. For example, some homeowner's insurance policies will exclude claims for property damage caused by flood.

Waiver of premium: An agreement that suspends or "waives" payment of premium during a period of disability or other defined event.

Waiting period: The time, typically counted in consecutive days, that must elapse from the date of incident (or first coverage) until you can begin to receive benefits. Your waiting period options will vary by insurance type, but in general, the longer the waiting period, the lower your premium.

Underwriting: The process of evaluating your insurability, level of coverage, and/or premium rates based on a review of your medical evidence and/or financial status.

An Insurance Timeline for Dentists

Is there a right time to buy certain types of insurance protection? Yes, there is — and this information can be especially helpful if you're trying to prioritize your needs.

This timeline identifies when the average dentist makes decisions regarding insurance and/or examines the need for specific types of coverage. Consult your financial advisor for suggestions that pertain to your unique needs and circumstances.

As soon as you graduate from dental school:

- Buy *life insurance* to cover debts (especially student loans) and to serve as collateral for a future practice or home loan.
- Get *medical insurance* to cover your health care expenses.

When you start your professional career:

- Get *professional liability insurance* before you treat your first patient.
- Obtain *disability insurance* to protect your income if you become disabled.
- Reassess your *life insurance* and *medical insurance* needs.
- Consider supplemental *medical insurance* to complement your medical coverage.

When or if you become an owner or partner of a practice:

- Supplement your *disability insurance* with *overhead expense insurance* to protect your practice if you become totally disabled.
- Cover your liability exposure with *property and casualty insurance*.
- Protect your assets with *business liability and property insurance*.
- Consider purchasing additional *life insurance* (or restructuring your current policy) to protect your partner(s) if you should die.

At significant life and career milestones, such as marriage, birth of a child, buying a home, or expanding a practice:

- Carefully review the aspects of your *life insurance* and *disability insurance* (benefit levels, beneficiaries, coverage options, waiting periods, provisions for dependents, etc.) and adjust your coverage accordingly.
- Obtain *life insurance* to cover your spouse's contribution to your family finances, and get a modest amount of coverage for each child.
- Reconsider or add more *supplemental medical insurance* to cover out-of-pocket medical expenses like co-pays, deductibles, and out-of-network care for both you and your eligible family members.
- Confirm that your *practice- and business-related insurance* policies are consistent with your level of liability exposure.

Certain life-changing events (paying off student loans or a mortgage, selling your practice, or entering retirement) may actually motivate you to decrease your coverage. Before you reduce (or cancel) any policy, however, be very sure you no longer need that coverage, because it may be difficult, expensive, and/or impossible to replace it later, depending on your age or health. The key point to remember is that obtaining the *right* amount of insurance is important at all stages of your professional career.

Get professional liability insurance before you treat your first patient.

NOTES:

Chapter 17:

Specialist Referrals and Practice Advisors

Why Consult a Dental Specialist?

Appropriate referrals are part of complete, quality health care management. Dentists' predoctoral training in oral diagnosis and treatment planning teaches them that referrals are an essential part of managing their patient's healthcare needs. Dentists are expected to recognize the extent of their patient's treatment needs and when referrals are necessary. Guidelines published by the ADA Council on Dental Practice address the mechanics of dental referrals. These assume the dentist has the requisite skill and knowledge in diagnosis and treatment planning to determine when a referral is needed. A PDF of the guidelines is available at **www.ada.org**

The referral process is an integral part of dental practice. These guidelines place special emphasis on communications and facilitating and improving the referral process.

Situations or Conditions Necessitating a Referral

Patients may need to be referred for several reasons. Any one or combinations of the following situations or conditions may provide the dentist with appropriate rationale for referring a patient:

- level of training and experience of the dentist
- dentists' areas of interest
- extent of the problem
- complexity of the treatment
- medical complications
- geographic proximity of specialists
- patient load
- availability of special equipment and instruments
- staff capabilities and training
- patient desires
- behavioral concerns
- desire to share responsibility for patient care

Dentists who practice in small communities may find they are the only practitioner in the area. They will most surely be requested to stop by and see hospitalized patients with oral complaints. An understanding of the consultation/referral procedure and protocol is important in building a successful and effective practice. It is of absolute importance to your patients since their treatment is materially affected by clear transmission and reception of accurate information.

Interprofessional Communication Needs

A dentist should only refer to another dentist with equal or greater skills or to a specialist. Dentists who initiate patient referrals should convey appropriate information to the other provider. That information should include:

- name and address of the patient
- reason for the referral
- general background information about the patient which may affect the referral
- medical and dental information, which may include medical consultations and specific problems, previous contributory dental history, models and images

You should also include projected treatment needs beyond the referral, urgency of the situation, if an emergency, and information already given or told to patient.

Facilitating and Improving the Referral Process

Personal knowledge of the specialist provider will allow patient needs to be met most appropriately. Dentists may wish to begin by looking for specialists with skills, knowledge, experience and caring attitudes. Inquiries about the specialist's training and experience, including their participation in continuing education and study clubs, may assist the dentist in determining where to refer particular cases. A visit to the specialist's office to observe treatment may be helpful.

Dentists who practice in small communities may find they are the only practitioner in the area.

Remember that the specialist may differ with you in deciding what treatment is indicated.

The primary referring dentist and the specialist should also discuss cooperative working arrangements that benefit the patients being referred. Both practitioners should discuss the referral treatment period and the return of the patient to the primary dentist. This arrangement may be enhanced by an exchange of business cards, referral forms and patient instructional materials. Availability of the specialist for emergency treatment as well as mid-treatment referrals should be discussed. Images should be promptly forwarded to the specialist and returned to the primary dentist.

Encouraging a patient's questions about the referral and responding in lay terminology can ease some of the fears associated with a referral. If language barriers exist, every effort should be made to ensure that the patient fully understands the reasons for the referral.

Legal Considerations

While a dental license authorizes the dentist to practice all areas of dentistry to the extent allowed by state law, a dentist will practice within the scope of his or her education, training and experience in accordance with the ethics of the profession and application law. Ethically, dentists should know their professional limitations and seek consultation when the welfare of the patient will be safe-guarded for special skills. In such situations, the common law of the state may impose a duty to refer the patient to a specialist or another dentist with the special skills and experience needed.

Dentists should also recognize that separate and possibly conflicting legal interests may be involved during a referral. In reviewing provider agreements offered by dental benefit plans, particular attention should be directed to provisions of the contract regarding referrals. Any restrictions that may be placed on the dentist's ability to refer patients to other settings or providers for care should be fully understood and accepted before the agreement is executed.

Note: In some situations, a dentist could be held legally responsible for treatment performed by referral dentists. Therefore, dentists should independently assess the qualifications of participating referral dentists as it relates to specific patient needs. *The dentist is reminded that contract provisions do not alter the dentist's obligation to put the welfare of patients first.*

Working with a Specialist

Find and use one or two practitioners in a given specialty whom you know personally and trust. You should feel comfortable with them and how their offices function.

Remember that the specialist may differ with you in deciding what treatment is indicated. If so, a phone call is in order so you can solve the problem. Remember, the specialist is legally and ethically obligated to the patient just as you are.

All dentists share a common goal — optimum patient care. A clear, concise, well thought out consultation request with the appropriate response will help assure quality care. There is no substitute for effective communication in any field of human endeavor. For more information, refer to the Council on Dental Practice publications at **www.ada.org.**

Practice Management Consultants and Other Advisors

Many dentists use the services of various experts who can provide specific advice on practice management, legal issues or tax interpretations. A dentist's ability to select competent advisors is critical, in light of the increasing complexity of dental practice administration and management.

The following guidelines have been developed to help you select practice management consultants and other advisors. As such, the information is general in scope and does not cover every situation or detail. This does not imply that every dentist needs advisors. Rather, the guidelines are intended to supplement a dentist's research necessary to determine the appropriateness of consultants and other advisors.

This information is not to be construed as legal advice, a legal standard or Association policy. As with any guidelines, these cannot serve as a substitute for a dentist's own professional judgment.

Selecting Advisors

Prior to selecting an advisor, the dentist should first determine and define the desired practice objectives and the specific area of need. Check the background education and practical experience of the advisor.

Match the advisor's qualifications and experience with your needs. Look for special experience that may correspond with a particular problem.

Ask for references and follow up with telephone inquiries. Ask about the advisor's ability to meet deadlines.

When you select an advisor, be sure you clearly understand and are comfortable with fees and the methods of calculating fees, such as fee-only, commission or fee plus commission. Determine as well the nature of any reports that the consultant will provide.

Types of Advisors and the Nature of Services Practice Management Consultants

These consultants provide advice on personnel management, equipment consultations, new purchases and leasing alternatives. They can also advise on billing and collection matters and give insurance assistance, as well as advice on appointment scheduling and telephone control. Public relations consulting and marketing advice are also available.

Facility management advisors can help with office layout and design, financial assistance in preparation of loan requests, ownership vs. leasing options, and rental and leasehold consultation.

Some financial management advice may be offered in the following areas: • evaluation of practice overhead and expense analysis

- bookkeeping and payment policy assistance
- accounts receivable and cash flow analysis
- report preparation and budget information
- office and cash security assistance
- fee determination assistance
- tax assistance
- practice valuation
- buying/selling assistance and associateship consultations
- incorporation consultation
- group practice assistance-income division-incorporation guidance-group arrangements and dissolution assistance-associate consultations and document preparation
- insurance review

The *Directory of Practice Management Consultants* and the *Directory of Dental Practice Appraisers and Brokers* are available online free to members at ada.org.

Attorneys

Consult an attorney for legal advice, tax advice and financial advice.

For legal advice, an attorney can assist with practice formation, incorporation, contract development, wills, estate planning, retirement planning, real estate transactions, leasing arrangements and employment documents.

Tax advice from an attorney may include tax preparation assistance, contractual interpretations and tax implications, tax shelter analysis and tax planning.

Financial advice may include investment advice, insurance review and financial planning.

Accountants

Your accountant can provide advice on taxes, accounting systems and financial advice. The accountant can assist with preparation and filing of tax documents, assist with tax reporting estimates, tax projections and tax planning, tax shelter evaluation and real estate matters.

He or she may advise on office systems, give financial records assistance and help with credit policy and office collections. Financial

When you select an advisor, be sure you clearly understand and are comfortable with fees and the methods of calculating fees.

advice may include long-term planning, investment advice and insurance review.

Insurance Agent

The agent will evaluate existing insurance policies, determine insurance needs and coverage limits and help with a cost analysis of group vs. individual policies.

Bankers

Financial advice a banker can be expected to provide includes information about practice loans, personal loans, checking and savings accounts and safety deposit boxes.

The banker can help in estate planning, providing information about trusts, wills, long-term investment planning and retirement planning.

Associations for Professional Consultants

- Financial Planning Association
  5775 Glenridge Drive, N.E., #B300
  Atlanta, GA 30328 1/800-945-4237
- American Association of Attorney-CPAs
  24196 Alicia Parkway, Suite K
  Mission Viejo, CA 92691 1/714-768-0336
  www.attorney-cpa.com
- Society of Medical-Dental
  Management Consultants
  3646 E. Ray
  B16-45
  Phoenix, AZ 85044 1/800-826-2264
- American Bar Association
  American Bar Center
  750 North Lake Shore Drive
  Chicago, IL 60611 312/988-5000
- National Health Lawyers Association
  1120 Connecticut Avenue, N.W., Suite 950
  Washington, D.C. 20036 202/833-1100
- National Association of Healthcare Consultants
  1255 Twenty-Third Street, N.W.
  Washington, D.C. 20037-1174
  202/452-8282

Organized dentistry stands ready to support you in promoting the art and science of dentistry.

Additional Resources

This publication and future volumes in this series on dental practice information were prepared to help provide basic knowledge for soon-to-be dental practitioners or for established dentists who wish to reacquaint themselves with the various business aspects of operating a dental practice. Although not an exhaustive work covering all functions of running a dental office, major practice management topics are included. Other publications and resources mentioned in the text are available from the American Dental Association.

Organized Dentistry

Dentistry today is a healthy and thriving profession. Even though preventive techniques have reduced the incidence of dental caries, the growing population will demand more dental care because they will be better educated, live longer and will have retained more of their natural teeth. Cosmetic dentistry and other new developments also will help increase the demand for dental services.

Organized dentistry stands ready to support you in promoting the art and science of dentistry. Your investment as a member of the American Dental Association pays big dividends by helping you become more successful through practice management seminars, a host of publications to stay current and knowledgeable, insurance plans to help you without taxing your resources, and hundreds of experts working to meet your professional needs.

Organized dentistry includes three interrelated memberships providing a wide range of complementary services and benefits. At the national level, the American Dental Association represents members in the areas of legislation, health care delivery, research and testing, education and insurance. It also provides many other support services, including access to the largest dental library in the world.

Constituent (state) societies offer you an opportunity to participate in many specialized educational programs designed to improve your skills as well as activities aimed at representing you in local health care legislation. Your state dental society and the ADA directory of seminars can provide you with a full listing of these programs.

Local societies (components) provide a third level of involvement through a regional support group involved in many community and professional development programs.

The ADA, in addition to providing a wide variety of educational seminars, serves as a national clearinghouse for information on forensic dentistry, chemical dependency programs and child abuse.

The Association can also provide information on over 30 practice management subjects, including buying and selling a practice, practice building/ marketing, incorporating a practice and staff development.

This CD-ROM has been prepared as a reference for information on starting and operating a dental practice. As such, the information is necessarily general in scope and cannot cover every detail or situation. This information should not be construed as legal advice, a legal standard or Association policy and cannot serve as a substitute for a dentist's own professional judgment or consultation with a personal attorney.

The Association can also provide information on over 30 practice management subjects, including buying and selling a practice, practice building/ marketing, incorporating a practice and staff development.

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NOTES:

Appendix

Professional Ethics:

You chose to become a dentist not only to devote your clinical skills to provide needed care to patients, but also because the dental profession hold a special position in society of respect, integrity and trust. Patients discuss confidential health information with you, they accept treatment based upon your recommendations, and they have faith that their health will be protected during the provision of dental care. In return for this trust, our profession makes a commitment to society that its members will adhere to high ethical standards of conduct. These standards are embodied in the *ADA Principles of Ethics and Code of Professional Conduct (ADA Code)*. The *ADA Code* is, in effect, a written expression of the obligations arising from the implied contract between the dental profession and society.

The statements in this chapter are derived from the *Principles of Ethics and Code of Professional Conduct of* the American Dental Association. The Principles and Code were adopted to uphold and strengthen dentistry as a member of the learned professions. The constituent and component societies may adopt additional provisions or interpretations not in conflict with these *Principles of Ethics and Code of Professional Conduct* that would enable them to serve more faithfully the traditions, customs and desires of the members of these societies.

Members of the ADA voluntarily agree to abide by the *ADA Code* as a condition of membership in the Association. They recognize that continued public trust in the dental profession is based on the commitment of individual dentists to high ethical standards of conduct.

The *ADA Code* has three main components: The **Principles of Ethics,** the **Code of Professional Conduct** and the **Advisory Opinions.**

The **Principles of Ethics** are the aspirational goals of the profession. They provide guidance and offer justification for the *Code of Professional Conduct* and the *Advisory Opinions*. There are **five fundamental principles** that form the foundation of the *ADA Code:* **patient autonomy, nonmaleficence, beneficence, justice** and **veracity.** Principles can overlap each other as well as compete with each other for priority. More than one principle can justify a given element of the Code of Professional Conduct. Principles may at times need to be balanced against each other, but, otherwise, they are the profession's firm guideposts.

The **Code of Professional Conduct** is an expression of specific types of conduct that are either required or prohibited. The *Code of Professional Conduct* is a product of the ADA's legislative system. All elements of the *Code of Professional Conduct* result from resolutions that are adopted by the ADA's House of Delegates. The *Code of Professional Conduct* is binding on members of the ADA, and violations may result in disciplinary action.

The **Advisory Opinions** are interpretations that apply the *Code of Professional Conduct* to specific fact situations. They are adopted by the ADA's Council on Ethics, Bylaws and Judicial Affairs to provide guidance to the membership on how the Council might interpret the *Code of Professional Conduct* in a disciplinary proceeding.

The *ADA Code* is an evolving document and by its very nature cannot be a complete articulation of all ethical obligations. The *ADA Code* is the result of an on-going dialogue between the dental profession and society, and as such, is subject to continuous review.

Although ethics and the law are closely related, they are not the same. Ethical obligations may— and often do—exceed legal duties. In resolving any ethical problem not explicitly covered by the *ADA Code,* dentists should consider the ethical principles, the patient's needs and interests, and any applicable laws.

Although ethics and the law are closely related, they are not the same.

Preamble

The American Dental Association calls upon dentists to follow high ethical standards which have the benefit of the patient as their primary goal. Recognition of this goal, and of the education and training of a dentist, has resulted in society affording to the profession the privilege and obligation of self-government.

The Association believes that dentists should possess not only knowledge, skill and technical competence but also those traits of character that

foster adherence to ethical principles. Qualities of compassion, kindness, integrity, fairness and charity complement the ethical practice of dentistry and help to define the true professional.

The ethical dentist strives to do that which is right and good. The *ADA Code* is an instrument to help the dentist in this quest.

Principles, Code of Professional Conduct and Advisory Opinions

The Code of Professional Conduct is organized into five sections. Each section falls under the Principle of Ethics that predominately applies to it. Advisory Opinions follow the section of the Code that they interpret.

Dentists are obliged to safeguard the confidentiality of patient records.

SECTION 1 – Principle: Patient Autonomy ("self-governance").

The dentist has a duty to respect the patient's rights to self-determination and confidentiality.

This principle expresses the concept that professionals have a duty to treat the patient according to the patient's desires, within the bounds of accepted treatment, and to protect the patient's confidentiality. Under this principle, the dentist's primary obligations include involving patients in treatment decisions in a meaningful way, with due consideration being given to the patient's needs, desires and abilities, and safeguarding the patient's privacy.

Code of Professional Conduct

1.A. Patient Involvement. The dentist should inform the patient of the proposed treatment, and any reasonable alternatives, in a manner that allows the patient to become involved in treatment decisions.

1.B. Patient Records. Dentists are obliged to safeguard the confidentiality of patient records. Dentists shall maintain patient records in a manner consistent with the protection of the welfare of the patient. Upon request of a patient or another dental practitioner, dentists shall provide any information in accordance with applicable law that will be beneficial for the future treatment of that patient.

Advisory Opinions

1.B.1. Furnishing Copies of Records. A dentist has the ethical obligation on request of either the patient or the patient's new dentist to furnish in accordance with applicable law, either gratuitously or for nominal cost, such dental records or copies or summaries of them, including dental Xrays or copies of them, as will be beneficial for the future treatment of that patient. This obligation exists whether or not the patient's account is paid in full.

1.B.2. Confidentiality of Patient Records. The dominant theme in Code Section l-B is the protection of the confidentiality of a patient's records. The statement in this section that relevant information in the records should be released to another dental practitioner assumes that the dentist requesting the information is the patient's present dentist. There may be circumstances where the former dentist has an ethical obligation to inform the present dentist of certain facts. Code Section 1-B assumes that the dentist releasing relevant information is acting in accordance with applicable law. Dentists should be aware that the laws of the various jurisdictions in the United States are not uniform, and some confidentiality laws appear to prohibit the transfer of pertinent information, such as HIV seropositivity. Absent certain knowledge that the laws of the dentist's jurisdiction permit the forwarding of this information, a dentist should obtain the patient's written permission before forwarding health records which contain information of a sensitive nature, such as HIV seropositivity, chemical dependency or sexual preference. If it is necessary for a treating dentist to consult with another dentist or physician with respect to the patient, and the circumstances do not permit the patient to remain anonymous, the treating dentist should seek the permission of the patient prior to the release of data from the patient's records to the consulting practitioner. If the patient refuses, the treating dentist should then contemplate obtaining legal advice regarding the termination of the dentist/patient relationship.

SECTION 2 –
Principle: Nonmaleficence ("do no harm").

The dentist has a duty to refrain from harming the patient.

This principle expresses the concept that professionals have a duty to protect the patient from harm. Under this principle, the dentist's primary obligations include keeping knowledge and skills current, knowing one's own limitations and when to refer to a specialist or other professional, and knowing when and under what circumstances delegation of patient care to auxiliaries is appropriate.

Code of Professional Conduct

2.A. Education. The privilege of dentists to be accorded professional status rests primarily in the knowledge, skill and experience with which they serve their patients and society. All dentists, therefore, have the obligation of keeping their knowledge and skill current.

2.B. Consultation and Referral. Dentists shall be obliged to seek consultation, if possible, whenever the welfare of patients will be safeguarded or advanced by utilizing those who have special skills, knowledge, and experience. When patients visit or are referred to specialists or consulting dentists for consultation:

1. The specialists or consulting dentists upon completion of their care shall return the patient, unless the patient expressly reveals a different preference, to the referring dentist, or, if none, to the dentist of record for future care.
2. The specialists shall be obliged when there is no referring dentist and upon a completion of their treatment to inform patients when there is a need for further dental care.

Advisory Opinion

2.B.1. Second Opinions. A dentist who has a patient referred by a third party* for a "second opinion" regarding a diagnosis or treatment plan recommended by the patient's treating dentist should render the requested second opinion in accordance with this Code of Ethics. In the interest of the patient being afforded quality care, the dentist rendering the second opinion should not have a vested interest in the ensuing recommendation.

2.C. Use Of Auxiliary Personnel. Dentists shall be obliged to protect the health of their patients by only assigning to qualified auxiliaries those duties which can be legally delegated. Dentists shall be further obliged to prescribe and supervise the patient care provided by all auxiliary personnel working under their direction.

2.D. Personal Impairment. It is unethical for a dentist to practice while abusing controlled substances, alcohol or other chemical agents which impair the ability to practice. All dentists have an ethical obligation to urge chemically impaired colleagues to seek treatment. Dentists with firsthand knowledge that a colleague is practicing dentistry when so impaired have an ethical responsibility to report such evidence to the professional assistance committee of a dental society.

Advisory Opinion

2.D.1. Ability To Practice. A dentist who contracts any disease or becomes impaired in any way that might endanger patients or dental staff shall, with consultation and advice from a qualified physician or other authority, limit the activities of practice to those areas that do not endanger patients or dental staff. A dentist who has been advised to limit the activities of his or her practice should monitor the aforementioned disease or impairment and make additional limitations to the activities of the dentist's practice, as indicated.

*A third party is any party to a dental prepayment contract that may collect premiums, assume financial risks, pay claims, and/or provide administrative services.

2.E. Postexposure, Bloodborne Pathogens. All dentists, regardless of their bloodborne pathogen status, have an ethical obligation to immediately inform any patient who may have been exposed to blood or other potentially infectious material in the dental office of the need for postexposure evaluation and followup

The privilege of dentists to be accorded professional status rests primarily in the knowledge, skill and experience with which they serve their patients and society.

and to immediately refer the patient to a qualified health care practitioner who can provide postexposure services. The dentist's ethical obligation in the event of an exposure incident extends to providing information concerning the dentist's own bloodborne pathogen status to the evaluating health care practitioner, if the dentist is the source individual, and to submitting to testing that will assist in the evaluation of the patient. If a staff member or other third person is the source individual, the dentist should encourage that person to cooperate as needed for the patient's evaluation.

2.F. Patient Abandonment. Once a dentist has undertaken a course of treatment, the dentist should not discontinue that treatment without giving the patient adequate notice and the opportunity to obtain the services of another dentist. Care should be taken that the patient's oral health is not jeopardized in the process.

2.G. Personal Relationships with Patients. Dentists should avoid interpersonal relationships that could impair their professional judgment or risk the possibility of exploiting the confidence placed in them by a patient.

SECTION 3 –
Principle: Beneficence ("do good").
The dentist has a duty to promote the patient's welfare.

This principle expresses the concept that professionals have a duty to act for the benefit of others. Under this principle, the dentist's primary obligation is service to the patient and the public-at-large. The most important aspect of this obligation is the competent and timely delivery of dental care within the bounds of clinical circumstances presented by the patient, with due consideration being given to the needs, desires and values of the patient. The same ethical considerations apply whether the dentist engages in fee-for-service, managed care or some other practice arrangement. Dentists may choose to enter into contracts governing the provision of care to a group of patients; however, contract obligations do not excuse dentists from their ethical duty to put the patient's welfare first.

Code of Professional Conduct

3.A. Community Service. Since dentists have an obligation to use their skills, knowledge and experience for the improvement of the dental health of the public and are encouraged to be leaders in their community, dentists in such service shall conduct themselves in such a manner as to maintain or elevate the esteem of the profession.

3.B. Government of a Profession. Every profession owes society the responsibility to regulate itself. Such regulation is achieved largely through the influence of the professional societies. All dentists, therefore, have the dual obligation of making themselves a part of a professional society and of observing its rules of ethics.

3.C. Research And Development. Dentists have the obligation of making the results and benefits of their investigative efforts available to all when they are useful in safeguarding or promoting the health of the public.

3.D. Patents And Copyrights. Patents and copyrights may be secured by dentists provided that such patents and copyrights shall not be used to restrict research or practice.

3.E. Abuse And Neglect. Dentists shall be obliged to become familiar with the signs of abuse and neglect and to report suspected cases to the proper authorities consistent with state laws.

Dentists shall be obliged to become familiar with the signs of abuse and neglect and to report suspected cases to the proper authorities consistent with state laws.

Advisory Opinion

3.E. 1.Reporting Abuse and Neglect. The public and the profession are best served by dentists who are familiar with identifying the signs of abuse and neglect and knowledgeable about the appropriate intervention resources for all populations. A dentist's ethical obligation to identify and report the signs of abuse and neglect is, at minimum, to be consistent with a dentist's legal obligation in the jurisdiction where the dentist practices. Dentists, therefore, are ethically obliged to identify and report suspected cases of abuse and neglect to the same extent as they are legally obligated to do so in the jurisdiction where they practice. Dentists have a concurrent ethical obligation to respect an adult patient's right to self-determination and confidentiality

and to promote the welfare of all patients. Care should be exercised to respect the wishes of an adult patient who asks that a suspected case of abuse and/or neglect not be reported, where such a report is not mandated by law. With the patient's permission, other possible solutions may be sought.

Dentists should be aware that jurisdictional laws vary in their definitions of abuse and neglect, in their reporting requirements and the extent to which immunity is granted to good faith reporters. The variances may raise potential legal and other risks that should be considered, while keeping in mind the duty to put the welfare of the patient first. Therefore a dentist's ethical obligation to identify and report suspected cases of abuse and neglect can vary from one jurisdiction to another. Dentists are ethically obligated to keep current their knowledge of both identifying abuse and neglect and reporting it in the jurisdiction(s) where they practice.

SECTION 4 –
Principle: Justice ("fairness").
The dentist has a duty to treat people fairly.

This principle expresses the concept that professionals have a duty to be fair in their dealings with patients, colleagues and society. Under this principle, the dentist's primary obligations include dealing with people justly and delivering dental care without prejudice. In its broadest sense, this principle expresses the concept that the dental profession should actively seek allies throughout society on specific activities that will help improve access to care for all.

Code of Professional Conduct

4.A. Patient Selection. While dentists, in serving the public, may exercise reasonable discretion in selecting patients for their practices, dentists shall not refuse to accept patients into their practice or deny dental service to patients because of the patient's race, creed, color, sex or national origin.

Advisory Opinion

4.A.1. Patients With Bloodborne Pathogens.
A dentist has the general obligation to provide care to those in need. A decision not to provide treatment to an individual because the individual is infected with Human Immunodeficiency Virus, Hepatitis B Virus, Hepatitis C Virus or another bloodborne pathogen, based solely on that fact, is unethical. Decisions with regard to the type of dental treatment provided or referrals made or suggested should be made on the same basis as they are made with other patients. As in the case with all patients, the individual dentist should determine if he or she has need of another's skills, knowledge, equipment or experience. The dentist should also determine, after consultation with the patient's physician, if appropriate, if the patient's health status would be significantly compromised by the provision of dental treatment.

4.B. Emergency Service. Dentists shall be obliged to make reasonable arrangements for the emergency care of their patients of record. Dentists shall be obliged when consulted in an emergency by patients not of record to make reasonable arrangements for emergency care. If treatment is provided, the dentist, upon completion of treatment, is obliged to return the patient to his or her regular dentist unless the patient expressly reveals a different preference.

4.C. Justifiable Criticism. Dentists shall be obliged to report to the appropriate reviewing agency as determined by the local component or constituent society instances of gross or continual faulty treatment by other dentists. Patients should be informed of their present oral health status without disparaging comment about prior services. Dentists issuing a public statement with respect to the profession shall have a reasonable basis to believe that the comments made are true.

Advisory Opinion

4.C.1. MEANING OF "JUSTIFIABLE."
Patients are dependent on the expertise of dentists to know their oral health status. Therefore, when informing a patient of the status of his or her oral health, the dentist should exercise care that the comments made are truthful, informed and justifiable. This should, if possible, involve consultation

Dentists shall not refuse to accept patients into their practice or deny dental service to patients because of the patient's race, creed, color, sex or national origin.

with the previous treating dentist(s), in accordance with applicable law, to determine under what circumstances and conditions the treatment was performed. A difference of opinion as to preferred treatment should not be communicated to the patient in a manner which would unjustly imply mistreatment. There will necessarily be cases where it will be difficult to determine whether the comments made are justifiable. Therefore, this section is phrased to address the discretion of dentists and advises against unknowing or unjustifiable disparaging statements against another dentist. However, it should be noted that, where comments are made which are not supportable and therefore unjustified, such comments can be the basis for the institution of a disciplinary proceeding against the dentist making such statements.

4.D. Expert Testimony. Dentists may provide expert testimony when that testimony is essential to a just and fair disposition of a judicial or administrative action.

Advisory Opinion

4.D.1. Contingent Fees. It is unethical for a dentist to agree to a fee contingent upon the favorable outcome of the litigation in exchange for testifying as a dental expert.

4.E. Rebates And Split Fees. Dentists shall not accept or tender "rebates" or "split fees."

SECTION 5 –
Principle: Veracity ("truthfulness").
The dentist has a duty to communicate truthfully.

This principle expresses the concept that professionals have a duty to be honest and trustworthy in their dealings with people. Under this principle, the dentist's primary obligations include respecting the position of trust inherent in the dentist-patient relationship, communicating truthfully and without deception, and maintaining intellectual integrity.

Code of Professional Conduct

5.A. Representation Of Care. Dentists shall not represent the care being rendered to their patients in a false or misleading manner.

Advisory Opinions

5.A.1. Dental Amalgam and Other Restorative Materials. Based on current scientific data, the ADA has determined that the removal of amalgam restorations from the non-allergic patient for the alleged purpose of removing toxic substances from the body, when such treatment is performed solely at the recommendation or suggestion of the dentist, is improper and unethical. The same principle of veracity applies to the dentist's recommendation concerning the removal of any dental restorative material.

5.A.2. Unsubstantiated Representations. A dentist who represents that dental treatment recommended or performed by the dentist has the capacity to diagnose, cure or alleviate diseases, infections or other conditions, when such representations are not based upon accepted scientific knowledge or research, is acting unethically.

5.B. Representation of Fees. Dentists shall not represent the fees being charged for providing care in a false or misleading manner.

Advisory Opinions

5.B.1.Waiver of Copayment. A dentist who accepts a third party* payment under a copayment plan as payment in full without disclosing to the third party* that the patient's payment portion will not be collected, is engaged in overbilling. The essence of this ethical impropriety is deception and misrepresentation; an overbilling dentist makes it appear to the third party* that the charge to the patient for services rendered is higher than it actually is.

5.B.2. Overbilling. It is unethical for a dentist to increase a fee to a patient solely because the patient is covered under a dental benefit plan.

5.B.3. Fee Differential. Payments accepted by a dentist under a governmentally funded program, a component or constituent dental society sponsored access program, or a participating agreement entered into under a program of a third party* shall not be considered as evidence of

It is unethical for a dentist to increase a fee to a patient solely because the patient is covered under a dental benefit plan.

overbilling in determining whether a charge to a patient, or to another third party* in behalf of a patient not covered under any of the aforecited programs constitutes overbilling under this section of the Code.

5.B.4. Treatment Dates. A dentist who submits a claim form to a third party* reporting incorrect treatment dates for the purpose of assisting a patient in obtaining benefits under a dental plan, which benefits would otherwise be disallowed, is engaged in making an unethical, false or misleading representation to such third party.*

5.B.5. Dental Procedures. A dentist who incorrectly describes on a third party* claim form a dental procedure in order to receive a greater payment or reimbursement or incorrectly makes a non-covered procedure appear to be a covered procedure on such a claim form is engaged in making an unethical, false or misleading representation to such third party.*

5.B.6. Unnecessary Services. A dentist who recommends and performs unnecessary dental services or procedures is engaged in unethical conduct.

5.C. Disclosure of Conflict Of Interest. A dentist who presents educational or scientific information in an article, seminar or other program shall disclose to the readers or participants any monetary or other special interest the dentist may have with a company whose products are promoted or endorsed in the presentation. Disclosure shall be made in any promotional material and in the presentation itself.

5.D. Devices and Therapeutic Methods. Except for formal investigative studies, dentists shall be obliged to prescribe, dispense, or promote only those devices, drugs and other agents whose complete formulae are available to the dental profession. Dentists shall have the further obligation of not holding out as exclusive any device, agent, method or technique if that representation would be false or misleading in any material respect.

Advisory Opinions

5.D.1. Reporting Adverse Reactions. A dentist who suspects the occurrence of an adverse reaction to a drug or dental device has an obligation to communicate that information to the broader medical and dental community, including, in the case of a serious adverse event, the Food and Drug Administration (FDA).

5.D.2. Marketing or Sale of Products or Procedures. Dentists who, in the regular conduct of their practices, engage in or employ auxiliaries in the marketing or sale of products or procedures to their patients must take care not to exploit the trust inherent in the dentist-patient relationship for their own financial gain. Dentists should not induce their patients to purchase products or undergo procedures by misrepresenting the product's value, the necessity of the procedure or the dentist's professional expertise in recommending the product or procedure.

In the case of a health-related product, it is not enough for the dentist to rely on the manufacturer's or distributor's representations about the product's safety and efficacy. The dentist has an independent obligation to inquire into the truth and accuracy of such claims and verify that they are founded on accepted scientific knowledge or research.

Dentists should disclose to their patients all relevant information the patient needs to make an informed purchase decision, including whether the product is available elsewhere and whether there are any financial incentives for the dentist to recommend the product that would not be evident to the patient.

5.E. Professional Announcement. In order to properly serve the public, dentists should represent themselves in a manner that contributes to the esteem of the profession. Dentists should not misrepresent their training and competence in any way that would be false or misleading in any material respect.*

5.*F. Advertising.* Although any dentist may advertise, no dentist shall advertise or solicit patients in any form of communication in a manner that is false or misleading in any material respect.*

A dentist who recommends and performs unnecessary dental services or procedures is engaged in unethical conduct.

Subjective statements about the quality of dental services can also raise ethical concerns.

Advisory Opinions

5.F.1. PUBLISHED COMMUNICATIONS. If a dental health article, message or newsletter is published in print or electronic media under a dentist's byline to the public without making truthful disclosure of the source and authorship or is designed to give rise to questionable expectations for the purpose of inducing the public to utilize the services of the sponsoring dentist, the dentist is engaged in making a false or misleading representation to the public in a material respect.

5.F.2. Examples of "False Or Misleading." The following examples are set forth to provide insight into the meaning of the term "false or misleading in a material respect." These examples are not meant to be all inclusive. Rather, by restating the concept in alternative language and giving general examples, it is hoped that the membership will gain a better understanding of the term. With this in mind, statements shall be avoided which would: a) contain a material misrepresentation of fact, b) omit a fact necessary to make the statement considered as a whole not materially misleading, c) be intended or be likely to create an unjustified expectation about results the dentist can achieve, and d) contain a material, objective representation, whether express or implied, that the advertised services are superior in quality to those of other dentists, if that representation is not subject to reasonable substantiation.

Subjective statements about the quality of dental services can also raise ethical concerns. In particular, statements of opinion may be misleading if they are not honestly held, if they misrepresent the qualifications of the holder, or the basis of the opinion, or if the patient reasonably interprets them as implied statements of fact. Such statements will be evaluated on a case by case basis, considering how patients are likely to respond to the impression made by the advertisement as a whole. The fundamental issue is whether the advertisement, taken as a whole, is false or misleading in a material respect.

5.F.3. Unearned, Nonhealth Degrees. A dentist may use the title Doctor or Dentist, DDS, DMD or any additional earned advanced academic degrees in health service areas in an announcement to the public. The announcement of an unearned academic degree may be misleading because of the likelihood that it will indicate to the public the attainment of specialty or diplomate status. For purposes of this advisory opinion, an unearned academic degree is one which is awarded by an educational institution not accredited by a generally recognized accrediting body or is an honorary degree.

The use of a non-health degree in an announcement to the public may be a representation which is misleading because the public is likely to assume that any degree announced is related to the qualification of the dentist as a practitioner.

Some organizations grant dentists fellowship status as a token of membership in the organization or some other form of voluntary association. The use of such fellowships in advertising to the general public may be misleading because of the likelihood that it will indicate to the public attainment of education or skill in the field of dentistry.

Generally, unearned or nonhealth degrees and fellowships that designate association, rather than attainment, should be limited to scientific papers and curriculum vitae. In all instances, state law should be consulted. In any review by the council of the use of designations in advertising to the public, the council will apply the standard of whether the use of such is false or misleading in a material respect.

5.F.4. Referral Services. There are two basic types of referral services for dental care: not-for-profit and the commercial. The not-for- profit is commonly organized by dental societies or community services. It is open to all qualified practitioners in the area served. A fee is sometimes charged the practitioner to be listed with the service. A fee for such referral services is for the purpose of covering the expenses of the service and has no relation to

the number of patients referred. In contrast, some commercial referral services restrict access to the referral service to a limited number of dentists in a particular geographic area. Prospective patients calling the service may be referred to a single subscribing dentist in the geographic area and the respective dentist billed for each patient referred. Commercial referral services often advertise to the public stressing that there is no charge for use of the service and the patient may not be informed of the referral fee paid by the dentist. There is a connotation to such advertisements that the referral that is being made is in the nature of a public service. A dentist is allowed to pay for any advertising permitted by the Code, but is generally not permitted to make payments to another person or entity for the referral of a patient for professional services. While the particular facts and circumstances relating to an individual commercial referral service will vary, the council believes that the aspects outlined above for commercial referral services violate the Code in that it constitutes advertising which is false or misleading in a material respect and violates the prohibitions in the Code against fee splitting.

5.F.5. Infectious Disease Test Results. An advertisement or other communication intended to solicit patients which omits a material fact or facts necessary to put the information conveyed in the advertisement in a proper context can be misleading in a material respect. A dental practice should not seek to attract patients on the basis of partial truths which create a false impression.

For example, an advertisement to the public of HIV negative test results, without conveying additional information that will clarify the scientific significance of this fact contains a misleading omission. A dentist could satisfy his or her obligation under this advisory opinion to convey additional information by clearly stating in the advertisement or other communication: "This negative HIV test cannot guarantee that I am currently free of HIV."

5.G. Name of Practice. Since the name under which a dentist conducts his or her practice may be a factor in the selection process of the patient, the use of a trade name or an assumed name that is false or misleading in any material respect is unethical. Use of the name of a dentist no longer actively associated with the practice may be continued for a period not to exceed one year.*

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5.G.1. Dentist Leaving Practice. Dentists leaving a practice who authorize continued use of their names should receive competent advice on the legal implications of this action. With permission of a departing dentist, his or her name may be used for more than one year, if, after the one year grace period has expired, prominent notice is provided to the public through such mediums as a sign at the office and a short statement on stationery and business cards that the departing dentist has retired from the practice.

Use of the name of a dentist no longer actively associated with the practice may be continued for a period not to exceed one year.

5.H. Announcement of Specialization And Limitation of Practice. This section and Section 5-I are designed to help the public make an informed selection between the practitioner who has completed an accredited program beyond the dental degree and a practitioner who has not completed such a program. The special areas of dental practice approved by the American Dental Association and the designation for ethical specialty announcement and limitation of practice are: dental public health, endodontics, oral and maxillofacial pathology, oral and maxillofacial radiology, oral and maxillofacial surgery, orthodontics and dentofacial orthopedics, pediatric dentistry, periodontics and prosthodontics. Dentists who choose to announce specialization should use "specialist in" or "practice limited to" and shall limit their practice exclusively to the announced special area(s) of dental practice, provided at the time of the announcement such dentists have met in each approved specialty for which they announce the existing educational requirements and standards set forth by the American Dental Association. Dentists who use their eligibility to announce as specialists to make the public believe that

specialty services rendered in the dental office are being rendered by qualified specialists when such is not the case are engaged in unethical conduct. The burden of responsibility is on specialists to avoid any inference that general practitioners who are associated with specialists are qualified to announce themselves as specialists.

General Standards.
The following are included within the standards of the American Dental Association for determining the education, experience and other appropriate requirements for announcing specialization and limitation of practice:

The practice carried on by dentists who announce as specialists shall be limited exclusively to the special area(s) of dental practices announced by the dentist.

1. The special area(s) of dental practice and an appropriate certifying board must be approved by the American Dental Association.
2. Dentists who announce as specialists must have successfully completed an educational program accredited by the Commission on Dental Accreditation, two or more years in length, as specified by the Council on Dental Education and Licensure, or be diplomates of an American Dental Association recognized certifying board. The scope of the individual specialist's practice shall be governed by the educational standards for the specialty in which the specialist is announcing.
3. The practice carried on by dentists who announce as specialists shall be limited exclusively to the special area(s) of dental practices announced by the dentist.

Standards For Multiple-Specialty Announcements.
The educational criterion for announcement of limitation of practice in additional specialty areas is the successful completion of an advanced educational program accredited by the Commission on Dental Accreditation (or its equivalent if completed prior to 1967)* in each area for which the dentist wishes to announce. Dentists who are presently ethically announcing limitation of practice in a specialty area and who wish to announce in an additional specialty area must submit to the appropriate constituent society documentation of successful completion of the requisite education in specialty programs listed by the Council on Dental Education and Licensure or certification as a diplomate in each area for which they wish to announce.

*Completion of three years of advanced training in oral and maxillofacial surgery or two years of advanced training in one of the other recognized dental specialties prior to 1967.

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5.H.1. Dual Degreed Dentists. Nothing in Section 5-H shall be interpreted to prohibit a dual degreed dentist who practices medicine or osteopathy under a valid state license from announcing to the public as a dental specialist provided the dentist meets the educational, experience and other standards set forth in the Code for specialty announcement and further providing that the announcement is truthful and not materially misleading.

5.H.2. Specialist Announcement of Credentials in Non-Specialty Interest Areas. A dentist who is qualified to announce specialization under this section may not announce to the public that he or she is certified or a diplomate or otherwise similarly credentialed in an area of dentistry not recognized as a specialty area by the American Dental Association unless:

a. The organization granting the credential grants certification or diplomate status based on the following: 1) the dentist's successful completion of a formal, fulltime advanced education program (graduate or postgraduate level) of at least 12 months' duration; and 2) the dentist's training and experience; and 3) successful completion of an oral and written examination based on psychometric principles; and

b. The announcement includes the following language: [Name of announced area of dental practice] is not recognized as a specialty area by the American Dental Association.

Nothing in this advisory opinion affects the right of a properly qualified dentist to announce specialization in an ADA-recognized specialty area(s) as provided for under section 5.H of this Code or the responsibility of the dentist to limit his or her practice exclusively

to the special area(s) of dental practice announced. Specialists shall not announce their credentials in a manner that implies specialization in a non-specialty interest area.

5.I. General Practitioner Announcement of Services. General dentists who wish to announce the services available in their practices are permitted to announce the availability of those services so long as they avoid any communications that express or imply specialization. General dentists shall also state that the services are being provided by general dentists. No dentist shall announce available services in any way that would be false or misleading in any material respect.*

* Advertising, solicitation of patients or business or other promotional activities by dentists or dental care delivery organizations shall not be considered unethical or improper, except for those promotional activities which are false or misleading in any material respect. Notwithstanding any *ADA Principles of Ethics and Code of Professional Conduct* or other standards of dentist conduct which may be differently worded, this shall be the sole standard for determining the ethical propriety of such promotional activities. Any provision of an ADA constituent or component society's code of ethics or other standard of dentist conduct relating to dentists' or dental care delivery organizations' advertising, solicitation, or other promotional activities which is worded differently from the above standard shall be deemed to be in conflict with the *ADA Principles of Ethics and Code of Professional Conduct*.

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5.I.1. General Practitioner Announcement of Credentials In Non-Specialty Interest Areas.
A general dentist may not announce to the public that he or she is certified or a diplomate or otherwise similarly credentialed in an area of dentistry not recognized as a specialty area by the American Dental Association unless:

1. The organization granting the credential grants certification or diplomate status based on the following: a) the dentist's successful completion of a formal, full-time advanced education program (graduate or postgraduate level) of at least 12 months duration; and b) the dentist's training and experience; and c) successful completion of an oral and written examination based on psychometric principles;
2. The dentist discloses that he or she is a general dentist; and
3. The announcement includes the following language: [Name of announced area of dental practice] is not recognized as a specialty area by the American Dental Association.

5.I.2. Credentials in General Dentistry. General dentists may announce fellowships or other credentials earned in the area of general dentistry as long as they avoid any communications that express or imply specialization and the announcement includes the disclaimer that the dentist is a general dentist. The use of abbreviations to designate credentials shall be avoided when such use would lead the reasonable person to believe that the designation represents an academic degree, when such is not the case.

Interpretation And Application of ADA Principles Of Ethics And Code Of Professional Conduct
The foregoing *ADA Principles of Ethics and Code of Professional Conduct* set forth the ethical duties that are binding on members of the American Dental Association. The component and constituent societies may adopt additional requirements or interpretations not in conflict with the *ADA Code*.

Anyone who believes that a member-dentist has acted unethically should bring the matter to the attention of the appropriate constituent (state) or component (local) dental society. Whenever possible, problems involving questions of ethics should be resolved at the state or local level. If a satisfactory resolution cannot be reached, the dental society may decide, after proper investigation, that the matter warrants issuing formal charges and conducting a disciplinary hearing pursuant to the procedures set forth in the ADA Bylaws, Chapter XII. *PRINCIPLES OF ETHICS AND CODE OF PROFESSIONAL CONDUCT*

Whenever possible, problems involving questions of ethics should be resolved at the state or local level.

AND JUDICIAL PROCEDURE. The Council on Ethics, Bylaws and Judicial Affairs reminds constituent and component societies that before a dentist can be found to have breached any ethical obligation the dentist is entitled to a fair hearing.

A member who is found guilty of unethical conduct proscribed by the *ADA Code* or code of ethics of the constituent or component society, may be placed under a sentence of censure or suspension or may be expelled from membership in the Association. A member under a sentence of censure, suspension or expulsion has the right to appeal the decision to his or her constituent society and the ADA Council on Ethics, Bylaws and Judicial Affairs, as provided in Chapter XII of the ADA Bylaws.

American Dental Association, Council on Ethics, Bylaws and Judicial Affairs, 211 East Chicago Avenue Chicago, Illinois 60611

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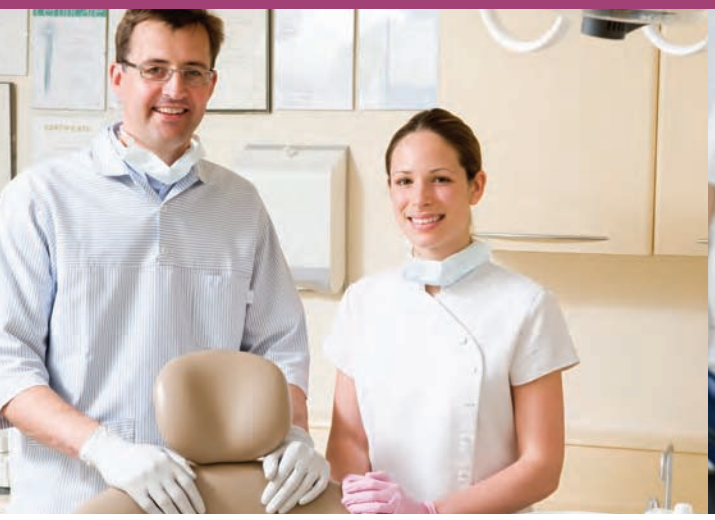

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