Future Practice Models for Dentistry:
The Future of Dental Support Organizations

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1. Change
2. Adaptation
3. Possible Future
Change

“Change is the law of life. And those who look only to the past or present are certain to miss the future.”

John F. Kennedy
A Changing Environment

✓ 1/3 of Dentists not Busy Enough
✓ Dental Expenditures – flat next 30 years
✓ Expansion of Dental Schools
✓ 2013 – 3,600 dentists retired
✓ 2013 – 5,000 dentists graduated
✓ 2001 – average retirement – 64 years old
✓ 2011 – average retirement – 69 years old
A Changing Environment

- 2000 – 16% children – Medicaid
- 2010 – 32% children – Medicaid
- Changing insurance Industry – reimbursements from 4% to 15%
- High debt for recent dental graduates
- 50% female dentists
- Change in philosophy
- Change in consumerism
Historical Annual Per Capita Dental Spending Growth Rates

Source: Centers for Medicare and Medicaid Services; U.S. Bureau of Economic Analysis; U.S. Census Bureau
Percent of Dentists Under 35 Who are Employees

- 1998: Male 30, Female 32
- 2005: Male 32, Female 37
- 2012: Male 37, Female 37

Marko Vujicic, PhD, Health Policy Institute, 2014
The Changing Consumer . . .

+ Demanding Affordability
+ Convenience
+ Quality of Care
Adaptation

“Intelligence is the ability to adapt to change.”

Stephen Hawking
MDs Joining Group Practices

Percentage

US Physician practice ownership (percent total)

Source: Bain & Co; NEJM, *Hospitals’ Race to Employ Physicians*, April 2011 (LHS)
Today’s MD

2012 - 48% -- in Private Practice

2014 - 35% -- in Private Practice

13% of physicians plan to switch to concierge practice

2014 Survey of America's Physicians: Taking the Pulse of Today's Physicians
MDs Joining Group Practices

US Physician practice ownership (percent total)

Percentage

Physician-Owned

Hospital-Owned

2002 2003 2004 2005 2006 2007 2008

Source: Bain & Co; NEJM, *Hospitals’ Race to Employ Physicians*, April 2011 (LHS)
Why MDs Join Group Practices

- Earning potential will be better: 62%
- Dropping reimbursement rates; rising costs: 52%
- Spend less time on admin tasks: 49%
- Autonomy is not worth the risk and costs: 48%
- Autonomy is not worth the costs: 45%
- Better personal learning opportunities: 34%

Source: Bain & Co.; Center for Studying Health System Change, 
HSC Community Tracking Study Physician Survey, Aug. 2007 (RHS)
“Professional medical societies labeled the Kaiser Permanente model “corporate” and “socialized” medicine – the latter was equivalent to saying it was Communism.”

Hanson, William, M.D.

Smart Medicine: 122-123 (Palgrave MacMillan 2011)
“Its [Kaiser] physicians were described as unethical and were denied membership in local and national professional societies.”

Hanson, William, M.D.  
*Smart Medicine*: 122-123 (Palgrave MacMillan 2011)
Challenges of the Traditional Practice
Solo Practices

Solo Practitioner Time Allocation

HR 8%
Management 15%
Collections 4%
Accountant 7%
Billing Education 3%
Education 2%
Marketing 1%

Practicing Clinician 60%
Adaptations of Dental Support Organizations

Standardized Efficiencies
Adaptations of Dental Support Organizations

Standardized Efficiencies
Economies of Scale
Adaptations of Dental Support Organizations

Standardized Efficiencies
Economies of Scale
Financial Resources
Adaptation
DSO Affiliated Practices

- Practicing Clinician: 90%
- Education: 5%
- Mgmt & Training: 5%
“The trend toward larger, consolidated multi-site practices is expected to continue, driven by changes in practice patterns of new dentists, a drive for efficiency, and increased competition for patients.”

Marko Vujicic, PhD, Hilton Israelson, DDS, James Antoon, DMD, Thomas Paumier, DDS
Mark Zurst, DDS A Profession in Transition, JADA (August 2013)
DSO Sector: Increasing Presence of DSO Platforms

DSO Market Density by State

By # of Offices – Darker Blue Indicates Higher Concentration

Source: Recent Trends in the DSO Deal Making, Jeffries, June 2014
An Overview of the ADSO

- Founded in 2008 (DGPA)
- 100 + Industry partners
- 34 full member companies
  - 35,000+ supported staff members
  - 8,000+ supported dentists
  - 4,000+ supported hygienists
  - 5,000+ supported practice locations
  - 24,000+ supported operatories
  - 30 million+ patient visits annually
- Estimated 2014 revenue: ~ $6 billion
China

"It is an opportunity for us to grab a market share ($163 Million) in the promising healthcare industry. We will provide value-added services for Bybo in terms of capital, strategy, management, branding, etc," said Zhu Linan, president of Legend Holdings Ltd.

China Daily USA 06/17/2014 page15
DSO Advantages

- Human Resource support
- Professional marketing
- Centralized practice support
- Quality Assurance
- Access to modern facilities and technology
- Training and education opportunities
- Career opportunities
- Access to capital
- Economies of scale
Future Practice Considerations

Ethics, Metrics & Innovation
Establishing clear boundaries between business & dentistry

### Business

- Bookkeeping
- IT
- Lab
- Billing
- Collections
- Payroll
- Banking
- Finance
- Accounting
- Marketing
- Advertising
- Human Resources
- Office Administration
- Property Management
- Vendor Relationships

New Dentistry Paradigm

- More Time with Patients
- No Trespassing
Major Objection?

Interference of Clinical Decisions
Does Business Side Control Interfere with Dr./Pt. Relationship?

- Bookkeeping
- IT
- Lab
- Billing
- Collections
- Payroll
- Banking
- Finance
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Future Practice Considerations

Interference in Clinical Decisions
Future Practice Considerations

Interference in Clinical Decisions
Accountability
Future Practice Considerations

Interference in Clinical Decisions
Accountability
Structure a Model for "IDEAL" Legislation
Ideal

While some practice models may change, one thing that should never change is the sanctity of the Patient-Practitioner relationship.
Ideal

When you [licensed Dentist] treat a patient, you are responsible for that treatment.
Future Practice Considerations

Interference in Clinical Decisions
Accountability
Structure a Model for “IDEAL” Legislation
Dual Ethics – DDS + DSO
Committed to the Ethical Delivery of Dental Support Services.

ADSO Code of Ethics
PRINCIPLES OF MEMBER COMPANY CONDUCT

C. ADSO Member Companies Never Interfere with Dentists’ Clinical Decision-Making and Treatment Services

“ADSO member companies recognize and support the clinical autonomy of dentists and respect that only licensed medical professionals should engage in clinical decision-making and the delivery of dental treatment services. DSOs provide administrative support services for providers. ADSO member companies never set quotas or support dental practices that set quotas on providers based on the number of procedures or types of procedures. ADSO member companies will never interfere with the efficient and effective access to patient records by a dentist or dental practice.”

http://theadso.org/about/code-of-ethics
Future Practice Considerations

Interference in Clinical Decisions
Accountability
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Checks and Balances
Future Practice Considerations

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Checks and Balances
Whistle Blower Protection
Future Practice Considerations

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 Educate Dentists -- Rights & Responsibilities
Future Practice Considerations

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Whistle Blower Protection
Educate Dentists -- Rights & Responsibilities
Institute a Compliance Check List -- DSOs
Advertising / Marketing
Is Advertising Material Reviewed for Regulatory / Dental Practice Act Concerns?

Do Participating Dentists Review & Provide Approval for Advertising/ Marketing Material? Do You Maintain Those Approvals?

Do You Have a System to Maintain Advertising/ Marketing Material for the Required Length of Time Determined by the State Dental Practice Act?

Does the Organization Receive Patient Testimonials for Use in Advertising?

Does the Organization Receive Patient Acknowledgments Prior to Use of Pictures/ Testimonials?
Metrics?

“Measurement is the first step that leads to control and eventually to improvement.

If you can’t measure something, you can’t understand it.
If you can’t understand it, you can’t control it.
If you can’t control it, you can’t improve it.”

_H. James Harrington_
Harvard School of Medicine professors of dentistry “created a standardized nomenclature for dental diagnostics consisting of 17 categories, 106 subcategories, and more than 1,500 diagnostic terms, hierarchically organized and linkable to other terminologies” in order to “shift” the way dentists think about diagnosis, treatment plans and prognosis.

Boston Globe (11/10, Gehrman)
ADA Morning Huddle <MorningHuddle@ada.bulletinhealthcare.com>
Provider Centric

Provider Centric  ➔ Patient / Consumer Centric

Provider Centric $\rightarrow$ Patient / Consumer Centric

Procedure Based Reimb.

Provider Centric  →  Patient / Consumer Centric

Procedure Based Reimb.  →  Value Based Reimb.

Provider Centric  →  Patient / Consumer Centric

Procedure Based Reimb.  →  Value Based Reimb.

In-Patient Focused

Provider Centric  ➔  Patient / Consumer Centric

Procedure Based Reimb.  ➔  Value Based Reimb.

In-Patient Focused  ➔  Ambulatory/ Home Focused

Provider Centric $\rightarrow$ Patient / Consumer Centric

Procedure Based Reimb. $\rightarrow$ Value Based Reimb.

In-Patient Focused $\rightarrow$ Ambulatory/ Home Focused

Individuals

Provider Centric → Patient / Consumer Centric

Procedure Based Reimb. → Value Based Reimb.

In-Patient Focused → Ambulatory/ Home Focused

Individuals → Population Based

Provider Centric ➔ Patient / Consumer Centric

Procedure Based Reimb. ➔ Value Based Reimb.

In-Patient Focused ➔ Ambulatory/ Home Focused

Individuals ➔ Population Based

Disease & Treatment

Provider Centric → Patient / Consumer Centric

Procedure Based Reimb. → Value Based Reimb.

In-Patient Focused → Ambulatory/ Home Focused

Individuals → Population Based

Disease & Treatment → Health/ Prevention

Indicators of Future Success?

Ethics – 0,1,2
Metrics – 0,1,2
Innovation – 0,1,2

EMI Score 0-6
Chart a Course That is Forward Thinking

SCHOOL OF DENTISTRY
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