



# New Dentists Frequently Asked Questions

These frequently asked questions offer general information and do not take the place of legal advice. This list is not exhaustive, and each item may not be applicable to every situation.

## Becoming An Associate

### **I am a recent graduate and would like to become an associate in a general dental practice. What type of compensation can I expect to receive?**

There are several different compensation options that you need to consider before committing to any agreement/contract.

As an associate, you may be offered a fixed salary, usually a daily amount. This can range from \$400 to \$525 daily. As you become more experienced, the daily amount may increase.

Another common option is production-based pay that factors in any patient and insurance adjustments. This is often the fairest arrangement because you are being paid based on the income you produce. Sometimes with a production-based arrangement, the owner may also require the associate to pay a percent of his or her lab costs. If lab costs are not mentioned during negotiations, be sure to get clarification. In production-based employment, an associate can expect to be paid 25 percent to 33 percent of his or her production and it is not uncommon for the associate to pay 35 percent to 50 percent of his or her lab costs.

Another common arrangement is collection based. In this type of system, the owner compensates the associate with a percentage of his or her monthly collections. This is often a more difficult type of arrangement for the associate. Because many offices receive deferred payment from patients and insurance providers, the associate may not know when payment for the services rendered was actually collected. Associates in these arrangements should ask questions related to the collections process and past collection history. In collection-based employment, an associate can expect to be paid 32 percent to 35 percent of his or her collections. As with production-base employment, be sure to ask who is responsible for lab costs.

With any form of compensation, be sure to ask who is responsible for lab fees, C.E. costs and professional dues. Also, inquire about medical coverage and any other benefits.

You may be offered variations of the above compensation options. Before signing any agreement, be sure you have an attorney review it first.

### **I have had two rounds of interviews with an office. The owner has asked me to come in for a working interview. Am I paid for this time? Do I need to do anything before the interview?**

Working interviews are very common. This allows the owner to see how well you interact with the patients as well as the staff. The owner will be evaluating your clinical technique as intensely as your demeanor. This is an ideal time for you to evaluate the office as well. You should review patient charts and take note of how often radiographs are taken. What is included in an exam? How are charts documented?

You should observe the interactions and behavior of the staff. What is the environment? Does the staff behave in a professional manner or is it too relaxed? Are the appropriate staff acting within the scope of their license? Are infection control standards being followed? Spend some time with the Office Manager or Administrator. Ask about their philosophies with customer service. How they schedule patients. What procedures are performed in the office and what expectations they will have for you.

Before the working interview, you need to be sure you have your own professional liability coverage. Sometimes the owner will mistakenly tell you that you will be covered under his or her policy. This is not likely the case. Contact a liability carrier and request a binder for a working interview. Do not go to any interview without coverage.

Finally, if the owner will be collecting money from the treatment you perform, then it is fair for you to expect to be paid. The amount is typically based on a per hour rate and \$70 to \$100 per hour is not uncommon. In addition, you will want to know if payment will be given at the end of business day or if payment will be mailed to you within 48 hours. Be sure that all mutually agreed upon arrangements are in writing. Keep a copy for your records.

### **I am going on my first working interview next week. How will I know if this is the right practice for me?**

Remember that you are interviewing this office as much as they are interviewing you.

Choose a practice that displays the ethics and philosophies that are similar to your own. During the interview, ask questions about the day-to-day operations of the practice and request to review some of the patient records. Patients' charts will show you if there are any signs of practice issues and/or supervised neglect. Joining a practice whose treatment or services are below the standard of care places you at risk.

If the owner does not answer all of your questions, is vague with answers or will not allow you to view patient records, this indicates deeper issues and will likely not be the practice for you.

### **I have been offered a position in a general practice as an independent contractor. The owner is offering to pay me \$350 per daily plus 20 percent of collections minus my lab fees. Does this seem reasonable?**

You want to determine if you will truly be an independent contractor. As an independent contractor, you will be maintaining an independent practice within the facility owned by another dentist. Also as an independent contractor, you will reimburse the practice for the use of personnel and equipment and will not receive any employer-provided benefits. If however, the owner dictates your time and patient load, you are likely an employee and not an independent contractor.

However, if you meet the criteria of an independent contractor, the terms given may be reasonable. You need to keep in mind that daily pay and money made through collections will not be taxed. As an independent contractor, you will be responsible for all of state, federal and local taxes. You will need to pay those quarterly. Therefore, the amount of money that is offered to you will be less. Do not agree to any arrangement until speaking with an accountant. You need to have a clearer understanding of your actual pay and tax responsibilities. You may want to negotiate a higher percent of collections.

**I am a recent graduate. I feel fortunate to have found a great practice that has offered me an associate position. The owner and I have met several times to negotiate salary, benefits, emergency coverage, patient distribution and more. The only problem is I have yet to receive anything in writing. Every time I ask about it, I am assured the contract is with an attorney. I have bills that need to be paid and am worried I am going to be placed in a position where I have to sign an unfavorable contract. How should I handle this situation?**

Written contracts between owners and associates are critical. Too often, owners tell associates to come and work for them to see how things work out. Too many times, however, later never comes and contracts do not materialize.

Many problems can arise between owners and associates. When they have not been anticipated and resolved by a written agreement, their resolution will be much more difficult. Never sign a contract that does not reflect the verbal agreement made between you and the owner. While you may have bills to be paid, signing a contract that is not favorable may cost you much more in time and money.

**I am an associate at more than one dental practice. Which address do I report to the Dental Board?**

You should report all addresses where you practice and identify the address that you consider your primary place of practice. The primary address is provided as public information. Every licensed dentist must report a place of practice, any change in place of practice or that he or she has no place of practice to the Dental Board within 30 days of the change. A dentist must use the Change of Address Form available on the Dental Board web site. The Additional Office Permit and the Fictitious Name Permit are applicable to a dentist who has a proprietary interest in a dental practice.

**I have a DEA registration and I am an associate at more than one dental practice. May I write prescriptions for controlled substances at all practices or only at the address with which I am registered with the DEA?**

You may write controlled substances prescription at all locations that are in the same state as your DEA registration. You may not, however, dispense or administer controlled substances at locations that you have not registered with the DEA. DEA regulations require each place that a prescriber dispenses or administers controlled substances be separately registered. If you work in a large clinic or hospital setting, it may be possible for you to dispense or administer drugs under the clinic or hospital's DEA registration.

**I don't know how dental benefit plans work. What should I know about how my employer bills dental benefit plans for my work?**

A good place to start is to read an article, [Considerations When Billing for an Associate](#). Additional information on how dental benefit plans work is in the [Dental Benefit Plan Handbook](#) on [cda.org/practicesupport](#).

**I am leaving my associate position to open my own practice. Can I take the contact information of the patients I've treated so I can notify them of my new practice?**

Whether you can do so depends on the terms of your employment agreement. If there is no employment agreement or if the issue is not addressed in an employment agreement the law may allow you to contact patients you have treated to inform them of your new place of practice. You may not use their contact information to send solicitations. You may not contact other patients of the practice that you did not treat. It is up to each patient to determine whether he or she will follow you to your new practice. Reference the [Sample Associate Agreement](#) on [cda.org/practicesupport](#).

## Purchasing a Practice

### **I am considering sharing space with another dentist to get my practice started. What are some of the things I need to consider?**

Sharing space means you are either leasing or subleasing from the other dentist. It's very important to have a written agreement in place. Start the process by reading the article [Leasing Commercial Property](https://www.cda.org/practicesupport) on [cda.org/practicesupport](https://www.cda.org/practicesupport). Be sure the agreement also addresses the use of the other dentist's employees, materials and supplies and the management of your patients' records. We advise you seek legal counsel to assist you.

### **When should I start looking for a practice to purchase and how long after I find the right practice does it take to close the transaction?**

Several factors need to be considered including the location of the practice and the parameters around the type of practice you wish to purchase. If you are just graduating, allow about eight months for locating the practice that fits your ability and style. If you are employee and looking for a practice to purchase, you should be looking at least three months prior to termination of employment. If you start your search too soon, you may be unable to purchase the practice you choose due to contractual obligations. If you start your search too late, then you may be unemployed and make a poor decision based only on economic factors.

Closing can take from one to three months depending on the type of financing. Mortgage companies that specialize in dental practice sales often make 100 percent loans and can complete the closing within a one-month time frame. Banks and small mortgage companies not familiar with dental practice acquisitions can take three to four months to close the sale.

### **Is a practice appraisal necessary before purchasing a practice?**

Yes. An appraisal based on cash flow, marketability, transferability and various other criteria are needed for a purchaser to make a knowledgeable purchase offer. Without an appraisal, the price can become the most controversial issue. Items considered in the appraisal include location, staff transferability, cash flow, included equipment, office procedures, dental insurance contracts and transferability of patient records. Buyers will need this information for purchasing the practice. Mortgage companies and banks routinely require this information to process the loan.

### **After I purchase the practice, how long should the previous owner work in the office?**

It depends on your comfort level with the transition process and having the previous owner work in the office. The cash flow of the practice will dictate largely how long the purchaser can afford to employ the previous owner.

It can be beneficial to have the owner in the practice for a period to assist in patient and staff transitions. However, it can also be difficult because as long as the owner is present, patients and staff may still view him or her as the person in charge.

### **It was recommended that I do a demographic study before purchasing a practice or even before deciding on a location. What is a demographic study and how much does it cost to obtain?**

A demographic analysis will give you data about a community's economy, characteristics of the area population, unemployment rate and future growth. This information can be found at a city hall, local libraries or online. Listed are some sites that offer information at no cost.

[www.zipwho.com](http://www.zipwho.com)

[www.city-data.com](http://www.city-data.com)

[www.raconline.org/maps](http://www.raconline.org/maps)

[www.census.gov/econ/geo-zip.html](http://www.census.gov/econ/geo-zip.html)

### **Whom do I need to involve during a practice purchase?**

Advisors are essential when you are purchasing a practice. They can help you identify possible business liabilities, assess operational efficiencies, evaluate staff and help implement changes needed. Selecting the right advisors can afford you the peace of mind that everything will be handled properly and start you out on the path to success.

At a minimum, you should obtain an accountant and an attorney before any negotiations. Be sure that each of these specialists has experience in the area of “dental practice” purchases. Because you may be negotiating with banks and real estate agents, you want to be sure an accountant and an attorney are included in each step of the way. Avoid hiring friends or family members just to save money.

It may be beneficial to utilize the services of a practice broker/consultant. Before hiring a broker, be sure to ask questions pertaining to his or her experience. Such as:

- Would you provide me names and telephone numbers of buyers you recently represented?
- Could you explain to me the tax implications of the practice transition (especially if it involves a corporate practice and/or real estate)?
- How many practice transitions have you participated in during the previous two years?
- Explain to me the practice sales process from start to finish.

Remember that advisors/consultants are meant to advise and consult with you. As the buyer, you have ultimate control over the decisions surrounding the purchase. Stay in control during the process and evaluate all recommendations before making any decisions.

### **I have just signed the purchase agreement for my practice. Do I still need to retain the accountant I used for negotiations?**

You should keep the number for the attorney on file because through the course of your career as you will need an attorney to review contracts and agreements. You should also consider having a bookkeeper manage finances for the practice. Your accountant may be able to recommend a bookkeeper that has dental practice experience. The accountant may be useful for end of the year tax.