

The Cons and Pros of DSOs

by Gordon J. Christensen, DDS, MSD

In recent years, the concept of dental support organizations (DSOs) has continued to evolve and enlarge in the United States despite controversy. It is estimated that there are at least 1,000 DSOs, emerging DSOs and large-group practices in the USA with many others planning to start. The largest three DSOs are Aspen, Heartland and Pacific.

There is no firm definition for DSOs, and each varies significantly in how they deal with the practices within their individual organizations.

The Association of Dental Support Organizations states that:

“Dental Service Organizations (DSOs) contract with dental practices to provide critical business management and support including non-clinical operations. The creation of DSOs has allowed dentists to maximize their practice with the support of professional office management. The DSO model enables dentists to focus on the patient while delivering excellent dental care.”

Whatever the definition, and whether or not you agree with it, the facts are that DSOs are definitely here and growing rapidly. They appear to be filling a need for practicing dentists, or their enormous growth would not be present.

This article includes an overall view of the apparent advantages and limitations of DSOs, and the reasons why some practitioners find DSO growth to be objectionable while others promote them.

The major advantage of dental support organizations

It is well known that the vast majority of dentists love dentistry and dental practice. However, most dentists do not enjoy the business side of dentistry. One of the major goals of DSOs is to reduce or eliminate the business and administrative aspects of practice. That appears to be the singular, most-important advantage of DSOs for many dentists.

Some readers will disagree with the specific DSO advantages I list below. I concede that not all DSOs provide every advantage, but the leading organizations are providing most of them.

Specific advantages of DSOs

- **Enhancement of work-life balance.** Running a dental practice is a major responsibility! The numerous aspects of administering a practice, dealing with the needs and wants of patients, purchasing equipment and supplies, hiring and firing, dealing with staff challenges, working with third-party payers, and myriad other responsibilities take time, energy, constant thought, effort and money. These responsibilities often take precious time away from family, home, religious affiliations, civic responsibilities and yourself. DSOs may enhance the work-life balance of a practitioner in the following ways:
- **Reduction in administrative responsibilities.** Very few dentists enjoy administrative responsibility such as employee challenges, hiring, firing, payroll, and identification of products and purchasing them. Such responsibilities are greatly reduced in DSOs.
- **Ensuring compliance with regulations.** Dentists generally do not like OSHA, HIPAA and other regulatory groups that make time and effort demands on practitioners. DSOs can take over much of this responsibility.
- **Providing less involvement with insurance companies.** Do you like dealing with dental benefit plans? They tell you what to do, when and how to do, and how much to charge. They own you! How about having a DSO be your voice in negotiations with these companies? A large DSO that has scale and may be able to negotiate better fees.
- **Having significant help with management.** A DSO can help you with most of the management tasks that burden you down mentally and sap time from your life.
- **Providing legal support.** Do you know or even want to know the legal implications of treating patients? For many dentists, this is also a disgusting and time-involving part of practice that can be reduced by being in a DSO. Also, help will be available for you if and when you have a legal challenge.
- **Negotiating with dental suppliers.** DSOs can reduce the cost of practicing by negotiating with distributors and obtaining price reductions.
- **Reducing many other frustrating business situations.** The responsibilities previously mentioned are greatly reduced for practitioners when they have DSOs handling much of the actual work to accomplish whatever needs to be done. However, there are myriad other day-to-day time-consuming tasks that can be reduced by being in a DSO.
- **Creates a professional community.** Not all dentists need or desire a so-called "community" with which to associate. Many are involved with their dental societies or study clubs to satisfy this need. However, DSOs can provide a community for you.
- **Provides mentors.** Within the DSO community, there is the opportunity to find mentors in almost any area of dentistry.
- **Allows greater focus on patient care.** By removing the administrative tasks already noted in this article, practitioners are able to concentrate their time and efforts on actual patient care.
- **Provide access to state-of-the-art technology.** You know the high cost of the many types of technology available for dentists. Some of the DSOs provide up-to-date, high-cost technology that most private practitioners would hesitate to purchase.
- **Assists you with keeping up with change and innovations in the profession.** With significant help reducing administrative tasks comes also an emphasis of DSO owners on keeping their practices up-to-date on materials, devices, techniques, concepts and political activities.

- **Provides a jump-start to a new practice.** New dentists often have a difficult time jumping into the responsibilities associated with starting a practice. DSOs can offer significant help to bridge the gap between dental school and the "real world" of practice.
- **Facilitates easier exit from practice.** Not only can DSOs help to start a practice, they can also facilitate exit from practice. A dentist can "retire" without retiring by slowing down and working fewer days. Some dentists can also sell their practice to a DSO when the time comes to retire.
- **Provides significant help to new dentists.** Young dentists have enormous education debt. Working in a DSO at a time when running a practice is a formidable task for a new dentist helps pay off school debt, builds practice speed, increases procedure diversity and builds self-confidence.
- **Encourages and provides continuing education.** Some DSOs provide continuing education for their dentists. This is an essential need that some private practicing dentists postpone.
- **Offers greater ability to serve income-challenged patients.** The DSO concept has helped to improve access to care for low-income patients.

Limitations and dentist frustrations with DSOs

- **You may not be your own boss.** One of the significant reasons some dentists elect dentistry as their career is to be their own boss. If being an employee instead of a small business owner is a negative for you, some DSOs may not be the logical or best type of practice for you.
- **Lack of independence.** As with any organization, each DSO has their own rules and regulations. You may want to make your own rules and not have someone telling you what to do. If so, a DSO practice may not be for you.
- **Bad reputation.** Not all DSOs have a great reputation. Some have earned a bad reputation because of alleged strong money orientation, accusations of quotas for treatment, and questionable business policies. Many dentists still have a negative opinion of the entire concept. It is a common complaint I hear as I am speaking throughout the country.
- **Getting out of a bad contract.** Trying to leave some DSO contracts can be like a bad divorce. I have heard complaints from some practitioners who have had difficulty getting out of contracts that they felt were unfair. DSOs similarly feel that the docs are being unfair. There may be need for some negotiation.
- **You may feel ostracized by some fellow private practitioners because they feel your corporate practice puts strain on their private practices in the geographic area.** Some private practitioners are upset with DSOs because they often come into communities and develop what the private practitioners feel is unfair competition. The DSOs may have lower costs on equipment and supplies and some or all of the advantages listed above that the private practitioner does not have.

Why are many participants in DSOs young dentists?

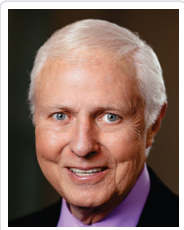
Millennials, generally classified as being born from 1980 to 2000, are rapidly becoming the major factor in the workforce. Estimates are that there are about 83 million millennials in the USA out of roughly 240 million adults over 18 years of age (U.S. Census Bureau). The Pew Research Center stated that millennials have surpassed baby boomers to become the largest current generation in the United States. Millennials are considered to have the following characteristics that directly relate to why DSOs are so attractive to the incoming generation of dentists. Millennials want a better work-life experience in their vocation, they are technologically savvy, they feel that they are global citizens, they are authentic and transparent, they are liberal and progressive, team oriented, and civic oriented. It is my opinion that the same DSO characteristics that irritate and frustrate most older dentists are attractive to the younger millennials entering the profession.

Conclusions

Dental support organizations (DSOs) are here. They and group practices are now a significant part of dental practice. The growth of DSOs is inevitable, as has already happened in other health professions. So, are DSOs good or bad? To put it simply, it depends on your perspective.

I suggest that private dental practitioners accept the fact that DSOs are here and learn to work with them for the overall betterment of service to patients. I predict that the typical solo practice will exist for many years but that it will quickly become a much less prominent part of dental practice in the future.

Author Bio



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