

## Decisions and Concerns for the Senior Dentist to Answer Prior to Taking an Associate

Do you need an associate? -- can you instead change to block scheduling, add a hygiene assistant or second hygienist and thus delay hiring another Dr.?

Will personalities and styles of senior Dr. and associate combine well?

Are treatment philosophies and modalities compatible?

Length of associateship

Who will write the associateship contract?

**Must** include these provisions as part of termination conditions:

1. Where will patient records be kept?
2. How long will patient records be maintained?
3. How can records be accessed?
4. Can records be duplicated?
5. Can patients be solicited for future treatment?
6. Completion of active cases
7. Associateship does not constitute any ownership
8. Staff of senior Dr. cannot be recruited
9. Restrictive covenant

Structure of association

- Employee
- Independent Contractor
- Solo group
- Compensation of associate
  - Who pays whom?
  - Straight salary?
  - On production or collection? (Collection recommended)
  - Increase in associate's compensation over some production/collection threshold?
  - Are expenses (lab, etc.) paid by associate deducted prior to or after calculation of percentage of compensation?
  - Dates of payment
  - Is salary review to be done? When?
  - Benefits
    - vacation
    - holidays
    - continuing education, dues
    - insurance - who is responsible to pay:
      - malpractice
      - health
      - disability

- other

Workdays and hours (total workdays per year)

Office policies and procedures; dress code; etc.

Buy-in options?

Method and timing of evaluation if and when buy-in begins?

Adjustment of appraised value?

Assignment of patients?

Ownership of records?

Management tasks for associate?

Staff number, selection, training, supervision

Fee schedule - adherence to financial agreement and collection procedures used in the office

Emergency coverage and policies?

Ownership and/or purchase of supplies and instruments

Lab fees and procedures

Equipment needs, use, responsibilities

### **Very important considerations:**

1. Is patient load and appointment management sufficient for another Dr.?  
  - Recare rate -- at least 80% effective
  - Allotment of hygiene fees -- associate gets percentage of exam only or exam and x-rays, not prophylaxis and fluoride.
  - Show rate -- at least 80-85% in pedo; 85-95% in general, ortho and other
  - Case acceptance rate -- at least 85-90%
  - Number of active patients (over 2,000 may need associate in general practice; over 4,000 in pedo; over 250 active cases in ortho, etc.)
  - Booked ahead? (giving each patient the next appointment, not a series of appointments) -- more than 4-6 weeks? = add an associate
2. Can management systems handle an associate? Consider:
  - Accounting method for associate's production/collections
  - Billing and accounting systems
  - Insurance processing and follow-up
  - Appointment scheduling
  - Recare system
  - Supply/inventory system
  - Sterilization/OSHA
  - Telephone system
  - Trained staff
  - Computer capacity
  - Good idea -- separate bank account for his/her collections if associate is independent contractor.
3. Disposition of current accounts receivable (A/R) before associate begins.
4. Facility size OK? Is growth possible?
5. How will shared patients be allocated?
6. Distribution of new patients?

7. Total charges last 2-3 years; total collections; collection percentage rate (97% + after adjustments for Medicaid, other managed care, etc.)
8. Total current overhead percentage?
9. Adjusted overhead (less owner's compensation --average is 60% to 61% for general practice
10. Projected financial outcome for owner and associate -- return on investment?

**Senior dentist should ask potential associate to discuss:**

His/her one, three and five year goals. Financial needs? Do you need a draw for salary at first? How long?

Who will be your advisors?

- accountant
- attorney
- practice management consultant

How much authority do you want?

If all goes well, are you interested in becoming a partner (buying in)? How long would you like to work before a buy-in might begin?

What strengths will you bring to the practice?

Time frame for acceptance of associateship?