

Dental Care During a Recession

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The recent downturn in the economy has had far reaching effects on the lives of just about every American. This is particularly true in North Carolina as our state has been cited as having the third highest unemployment rate in the nation. Businesses have been forced to implement employee layoffs and other cost savings measures in order to survive. The increasing unemployment rate, along with a precipitous drop in consumer confidence, has had a negative impact on the utilization of dental services. As consumers become more concerned about their economic future, they become less likely to spend money on any product or service that is not considered to be essential. For many people, dentistry falls into this “elective” category.

Since consumer spending is the major driving force in our economy, tighter wallets create a ripple effect, driving down revenue in both the private and public sector. A patient who has lost his or her job is more likely to cancel or postpone dental visits. This is especially true if their job loss also meant the loss of their dental benefits. While dentists in private practice are re-evaluating their business plans to determine how they will weather the storm, state government officials and members of the North Carolina General Assembly are struggling to balance a state budget projected to have a \$4 billion shortfall. In order to create a balanced budget, lawmakers are proposing funding cuts that could unravel the carefully woven safety net programs developed to provide health care for the underserved.

For families in the midst of a financial crisis, a decision to cancel dental appointments or to postpone dental care until their financial situation improves seems to be logical. However, that decision carries certain risks. Failure to maintain regular preventive care visits definitely saves money in the short-term, but it also deprives the patient of the opportunity for their dentist to diagnose dental disease in its early stages, when treatment is not only more straightforward but also less expensive. Research and experience indicate that most dental diseases do not go away without definitive treatment. In fact, without treatment many get progressively worse. As the

disease process advances, treatment becomes more complex, requiring procedures with a commensurately higher fee. Unfortunately, some patients delay treatment to the point that the tooth becomes nonrestorable and must be removed.

Patients facing problems accessing dental care, whether those barriers are financial or geographic, are experiencing additional challenges due to the economic downturn. In fact, some have been placed in triple jeopardy: (1) they have lost their job, which means less or no income; (2) with the loss of their job, they may have also lost any dental benefits which were a part of employment arrangements; and (3) several

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state-supported programs, such as Medicaid and the North Carolina Oral Health Section, may be the target of severe cuts by the North Carolina General Assembly. The decision to cut funding for state programs where matching federal dollars are available is especially worrisome. Other programs may be totally eliminated. Many safety net providers are coping with budget cuts by reducing the number of hours they are open, decreasing the number of dental staff, and/or narrowing the scope of services they provide.

Many people who find themselves in this situation, especially adults who are ineligible for Medicaid dental benefits, will turn to hospital emergency departments for their dental needs. Most hospital emergency departments are not equipped to see dental patients and therefore only offer palliative

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treatment consisting of an examination and prescriptions. This usually is an attempt to address current symptoms without treating the underlying cause. Once the prescriptions have run out, the problem will reoccur and the patient will reappear in the hospital emergency department where the cycle begins all over again. The most frustrating part of this cycle is that the costs to the state to provide payment for palliative services rendered in an emergency department are several times more expensive than the dental fees charged in a private office that would have definitively resolved the problem.

How are dentists in North Carolina faring in this economic climate? National surveys completed by the American Dental Association in late April 2009 reveal some interesting facts about dentists who are in private practice in North Carolina.^a In this survey, dentists were asked to compare their practice's financial information from the first quarter of 2009 with that of the third quarter of 2008 (approximately six months prior). Results show that:

- About 50% reported that their net incomes were down, while the other half stated that their net incomes were flat or slightly higher.
- 42% of dentists reported that their gross billings and collections were lower, while 58% stated they were either flat or slightly higher.
- Treatment acceptance rates were reported as being lower by 48% of dentists, while 43% stated treatment acceptance rates were about the same, and only 9% said treatment acceptance rates were up.
- 40% of dentists reported having fewer new patients, while 40% were about the same, and only 20% had an increased flow of new patients.
- In regards to open appointment slots, 52% stated they had more open time in their schedule, 30% stated it was about the same, and 18% said their schedules were booked more solidly than six months ago.
- When asked to indicate how confident they were that the economic conditions of their dental practice would improve over the next year, 35% of dentists were "not confident at all," 53% were "somewhat confident," and 12% were "very confident."
- When asked if their net income for 2008 was higher or lower compared to 2007, 43% said their net income was higher, while 57% said their net income was lower.

Faced with a slower economy, dentists in private practice must address the same concerns as any other business owner: Should I consider cutting back on the hours that the office is open? Should I consider laying off staff or asking some of them to consider working part-time? If dental Medicaid reimbursement rates are lowered can I afford to continue to treat Medicaid patients, given that their current

levels don't even cover my overhead costs? What does the future hold for the dentists, dental hygienists, and dental assistants employed by the state? Will budget cuts totally eliminate positions and programs? Will the North Carolina General Assembly make additional cuts to dental education? (The state currently funds less than 30% of the costs of educating a student in the DDS program at the University of North Carolina at Chapel Hill.) Dental school faculty shortages were a growing problem prior to the economic downturn. What about now and in the foreseeable future? Will students who receive their dental education at a time when dental school budgets are being reduced receive the same quality of training as their predecessors? Will the UNC School of Dentistry be able to retain its national stature as one of the highest-ranked dental schools in the country? Will the Legislature continue its financial commitment to the UNC Board of Governors Joint Plan for Dentistry? Under the terms of this agreement, the Legislature would provide money to construct a new dental sciences building and increase the class size at the UNC School of Dentistry. The agreement also provided funding for the construction of the new dental school at East Carolina University with a class size of 50 students.

All of these questions need to be answered before one can make any reasonable assumptions regarding the effects of the current recession on dental care in North Carolina. Employers will need to see definitive signs of an economic recovery before they will consider expanding their facilities or their workforce. Consumers will need to feel secure that they will have a job before they begin to spend money in the marketplace. And state governments will need to see more money coming into their coffers as tax revenue before they can consider restoring programs that have been cut or eliminated.

If the recession deepens or is prolonged past current projections, it is logical to assume that we will see a further decline in the demand and utilization of dental services. Dental practices that once relied heavily upon elective cosmetic services for their revenue will need to reposition themselves in the marketplace to address more "needs driven" concerns such as decay and periodontal diseases. As patients delay treatment due to the economic crisis, it is probably safe to assume that more patients will elect to have decayed teeth removed rather than restored, not because they would prefer to have their teeth removed but because they cannot afford the treatment needed to retain them.

Let's hope that the efforts put forth by the federal government to stimulate our economy are successful and that we see signs of a recovery on the horizon. If so, most North Carolinians will have access to some of the best oral health providers in the world through private practitioners and a public health safety net system that has been the envy of the nation. **NCMJ**

a Health Policy Resource Center of the American Dental Association. *Quarterly Economic Confidence Survey, Volume 3*. Chicago, IL: American Dental Association; 2009.