You Have Options: Orthodontic Career Considerations for Residents and Graduates

An information guide for understanding orthodontic practice modalities
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Please note: This document is for your informational use and not intended to replace the advice of professional advisors and specialists.
Executive Summary

Recent trends and data indicate the way in which orthodontists are entering and choosing to practice is changing. One of the latest indicators comes from the annual Orthodontic Resident Survey published by consulting firm Bentson Clark & Copple. Among the 300-plus respondents to their 2015 survey, 54 percent said they plan to enter practice as employees, with 29 percent planning to purchase a practice. Only one year earlier, however, the numbers were nearly opposite: 56 percent said they plan to purchase a practice after residency with only 28 percent planning to work as employees (Fig. 1).

While many orthodontic residents and recent graduates maintain the long-established dream of owning a traditional private practice that thrives as a community staple for generations to come, a variety of factors including student debt have significantly impacted their ability to make that dream a reality. For others, alternative practice modalities have strengthened their appeal and are taking on dreams of their own.

Closely aligned with the “alternative” and “employee” classifications are Dental Support Organizations (DSOs) – also commonly referred to as corporate dental practices. These large group practices are making a lasting impression on the dental industry, growing exponentially in terms of offices and doctors, while offering unique benefits to their doctor employees and independent contractors.

Though changes are taking place in terms of practice decisions, it is worth noting that the orthodontic specialty is still a highly desirable career choice. In fact, orthodontist was the top-ranked profession on U.S. News & World Report’s 2016 list of “The 100 Best Jobs”.

The American Association of Orthodontists (AAO) has developed this white paper to help orthodontic residents, recent graduates and even established orthodontists explore the full spectrum of orthodontic practice modalities and determine which is best for their career goals. Moreover, it helps achieve the AAO’s objective of supporting residents and graduates so they may transition into and be successful throughout their orthodontic careers. The topic was also a focus of the 2015 AAO North America Member Needs Assessment, in which respondents reported practice management and transition as the education topic of highest interest.
The State of Dentistry and Orthodontics

The American Dental Association (ADA) estimates there are 197,790 licensed dentists, including specialists, currently practicing in the United States. It is further estimated that nearly a 70 percent subset operate in a traditional solo practice, while more than 88 percent are either in a solo or small group (fewer than five doctors) setting. Those working in the DSO environment account for 3.4 percent of all dentists.

Within the orthodontic specialty, the ADA estimates there are 10,785 licensed orthodontists currently practicing in the United States — just 5.4 percent of the entire dentist population. Similar to dentistry, however, 72 percent of orthodontists work in traditional solo practices; 89 percent work in either solo or small group practices; and 3.4 percent work for DSOs. (Fig. 2)

The above data represent a strong commonality between how dentists and orthodontists practice. It also suggests that the traditional practice model is still predominant over all others — but for how long?

In a 2015 Research Brief published by the ADA’s Health Policy Institute (HPI), the report found that dental “firms” (defined as business organizations consisting of one or more domestic establishments under common ownership or control) with 20 or more employees increased their market share by more than 21 percent from 2002 to 2012, while dental firms with fewer than five employees experienced a decline of more than five percent during the same time span. Consistent with these findings, during a February 2016 presentation to the AAO Board of Trustees, industry consultant
Chris Bentson eluded that solo practice ownership is declining, while partnership and associate/employment opportunities are increasing.

These trends may also be translating to the availability of orthodontic practice opportunities, at least according to data from the AAO’s Practice Opportunities & Careers, an online service that connects members searching for orthodontic career opportunities with those who have opportunities to offer. From 2014 to 2015, the number of available partnerships, associateships (full- and part-time) and independent contractor positions increased by 10.7 percent (261 to 289), while the number of available practices for sale decreased by 28.4 percent (140 to 109). (Fig. 3)

The question you may now be asking is why are these shifts happening? The next section explains some of the key factors that may influence orthodontists’ practice and career decisions.

**Factors That Impact How Orthodontists Practice**

A variety of personal and environmental factors can impact an orthodontist’s decision on how they practice. The AAO’s 2012 Member Practice Environment Analysis studied this very issue, asking young doctors and residents why they did not (or expect to) begin their career in a traditional solo practice. The three top reasons reported by both groups were:

1. Debt from student loans
2. Belief it would be easier to transition
3. Desire to learn from a mentor first
Other reported issues, though not rated as highly as those above, included debt form practice acquisition, supply of and demand for a particular practice type, lack of formal business education, and lack of desire in owning a business. In this section we will take a deeper dive into some of these and other issues as they relate to orthodontists’ practice decisions.

**Student Debt**

Perhaps the most glaring influential issue regarding career decisions, and one of the most widely-discussed topics among young orthodontists today, is the imposing debt loads they accumulate while pursuing their dental and orthodontic education. The American Dental Education Association (ADEA) estimated the average educational debt per 2014 graduating dental school senior was $247,227, more than doubling since 2002.\(^7\) In the orthodontic space, 68 percent of surveyed orthodontic residents said they will accrue at least $200,000 in student debt by the end of their residency, with 27 percent accruing at least $400,000.\(^1\)

High student debt levels can certainly impact how recent graduates choose and are able to enter practice. More specifically, debt may prevent doctors from obtaining additional lender financing needed to purchase or start a practice, leading them to search for an associateship or similar alternative. Others with heavy debt loads simply may not feel comfortable taking on additional debt to purchase or start a practice, again leading to a position as an employee or a similar role. Debt may also deter doctors from considering academic opportunities, which typically offer lower salaries than private practice.

In a study published in the January 2016 edition of the *Journal of Clinical Orthodontics*, 70.6 percent of resident and graduate survey respondents said their debt levels highly influence their abilities to purchase a practice, while 66.7 percent said their debt highly influence their preference for an associateship position versus practice ownership.\(^8\) (Fig. 4) The study concluded that the amount of student debt significantly affects the career decisions of residents and recent graduates.

![Influence of Debt on Employment Decisions](image-url)
Availability of Practices/Opportunities
As mentioned in the previous section of this white paper, practices for sale listed on the AAO's Practice Opportunities & Careers service experienced a noticeable decline from 2014 to 2015, while associateships and independent contractor positions have been on the uptick. Of course, the supply of orthodontic practice opportunities will have a direct impact on doctors' practice options. If an associateship offers the “path of least resistance” for a graduate to begin their orthodontic career, whether or not that is their long-term goal, they may be more willing, accepting and eager to take it.

Availability of practice opportunities is also affected by the age of practicing orthodontists and their impending retirements or transitions out of practice. 2016 AAO membership data show that 31.6 percent of practicing AAO members in the U.S. fall in the “baby boomer” generation (born 1943-1960), while another 4.2 percent is made up of the “silent” generation (born 1925-1942). In total that accounts for more than one-third of AAO members still in practice who are 56 years of age or older. As those doctors continue to age and exit the workforce, in theory, more practices will become available. One variable to consider, however, is the rate at which older doctors retire compared to new doctors entering the profession.

Women in Dentistry
According to data from the ADA’s Health Policy Institute, female dentists comprise 28.9 percent of the market, an increase from just 16 percent in 2001. By comparison, AAO data suggests there are fewer female orthodontists, by percentage, who account for 24.5% of practicing AAO members in the U.S. Recent trends, however, show that female orthodontist numbers are increasing at a rapid rate.

Among practicing AAO members in the U.S. who are within ten years of graduation, 37.8 percent are female. Drilling down even further, females make up nearly half (48.4 percent) of all AAO Student Members. (Fig. 5)
The growth of female dentists and orthodontists is significant, because research indicates this demographic may be more likely to practice in alternative modalities, particularly among younger doctors. A 2014 ADA study concluded that dentists in large group practices were the most likely to be women and younger than 40 years.\textsuperscript{10} This supports the hypothesis that female dentists prefer employee and part-time roles that allow more time to fulfill their family commitments, rather than practice ownership which requires a higher focus on administrative and non-clinical responsibilities.

New Values and Desires
As discussed in the Executive Summary, today’s emerging dentists and orthodontists do not necessarily look to the traditional orthodontic practice as their ultimate career pathway, as their wants, needs and desires have evolved from those of prior generations. This has led to the heightened appeal of alternative practice modalities or positions.

Results from the 2015 Bentson Clark & Copple Orthodontic Resident Survey revealed that workload flexibility and predictability is the most important factor for choosing a career in orthodontics.\textsuperscript{1} Moreover, in a 2015 report from the ADA’s Health Policy Institute on job satisfaction of dentists who work in large group practices, the authors concluded that dentists working for large group practices were more satisfied with certain aspects, such as weekends off and fewer hours spent on non-clinical tasks – though they were less satisfied with other areas, such as income and feeling emotionally drained.\textsuperscript{11}

These preferences do not only apply to younger doctors, however. Senior doctors may see alternative practice modalities as a more natural transition out of practice or as a way to stay involved in orthodontics even after they retire.

Comparing and Contrasting Orthodontic Practice Models

Due to the historical predominance of the traditional, private orthodontic practice, this model’s structure and components are commonly known, particularly among those who are in or about to enter the specialty. Traditional practices, while focused on improving smiles throughout their respective communities, are also small businesses with the goal of maximizing their earnings and profits. In addition, the doctor working in the practice also owns the practice, effectively making them the face of the business from all angles.

Though DSOs support the same cause (improving smiles), their structures vary greatly from that of the private practice. These organizations, many of which are nationwide, are often owned and operated by a non-doctor corporation which houses its own executive team and business support staff (i.e., accounting, marketing, legal, etc.), as well as doctors and clinical staff. Many DSOs also maintain general dentists and specialists in-house to offer a “one-stop shop” for their patients while maximizing their revenue stream.
In this section, we will expound upon the characteristics of the two practice types mentioned above, as well as other career pathways orthodontists may consider. Please note this information is not intended as advice on your career decisions or advocate for any particular orthodontic practice type, but rather to compare and contrast the various career opportunities, which may include advantages and disadvantages of each.

**Practice Start-up**
Starting an orthodontic practice from scratch lies at the heart of the term “entrepreneurial spirit”, as doctors (literally in some cases) build their businesses from the ground up. This process begins with selecting a practice location and covers everything from obtaining financing to holding the scissors at the ribbon-cutting ceremony. In between, some of the important decision-making includes office design and layout, equipment and technology selection, systems and processes development, and staff hiring and training. Ultimately, all phases of a practice start-up are your responsibility. And with that in mind, identifying and working with a team of trusted advisors (i.e., attorneys, accountants, consultants, etc.) is not only smart but a necessity.

Starting a practice also means you own the entire practice; that is, unless you enter a joint venture with another orthodontist, specialist or even general dentist. Therefore, you can reap all the benefits of a successful, growing practice or suffer the consequences of a sluggish one.

**Practice Purchase**
Like starting a practice, purchasing a practice also means you own 100 percent of the business. Unlike a start-up, however, the building, systems, equipment, staff and even patients are typically already established. As the buyer, you are agreeing to acquire those pieces, which you can then maintain or alter to fit your preferences. Of course, acquiring someone else’s property could mean you are inheriting issues that will need to be addressed. Those risks can often be mitigated by having a consultant conduct a practice valuation and analysis before the purchase agreement is signed.

**Partnership**
Partnerships are also in the practice ownership realm but on a more limited scale. Some practice owners choose to open their practice to a partner by selling a factional interest of the business. It is up to the selling doctor to determine the percentage they are willing to give up, at what cost to the buyer and under what terms. Once agreed upon, the two (or more) sides will then enter into a partnership agreement. Practice valuations are wise in this case, as well, to ensure you are getting a fair deal.

For those considering a partnership opportunity, sharing is an imperative trait. In addition to sharing practice revenue and profits, partners will share overhead expenses, managerial and administrative responsibilities, and potentially practice coverage should the other partner need to take time off.

**Associateship (private practice)**
Earlier in the white paper, we noted that the largest portion of orthodontic residents today plan to enter practice as employees – also known as associates. Private practice associateships come in multiple forms, including group practices owned by orthodontists or interdisciplinary practices run by
general or pediatric dentists. From an ownership standpoint, an associateship is drastically different from a practice owner or partner, as associates do not have any equity in the practice nor do they maintain managerial or administrative responsibilities.

In most cases, associates’ responsibilities lie with treating their patients, which as discussed earlier, may be preferred by many orthodontists. Their income may be a fixed salary or a percentage of collections, and unless they are part-time, associates will likely receive fringe benefits such as vacation and sick leave, health and other insurance coverage, and retirement, among others. Another benefit for associates starting their careers is the ability to learn from a more experienced orthodontist while in practice.

Some practice owners also choose to offer buy-in opportunities to their associates as incentive for contributing to the practices’ growth or as part of their eventual exit strategies. Under these circumstances, separate agreements may be prepared for employment and buy-in/buy-out.

**Associateship (DSO)**

Associates working in the DSO modality have similar roles and responsibilities to those in private practices but in a much different practice environment, with more doctors, staff, patients and in many case resources. Again, associates in DSOs have no ownership stake in the practice – though some do offer buy-in opportunities – or managerial responsibilities, and they are able to focus most or all their energy on patient care. DSOs also offer competitive salaries and fringe benefits, including ample work/life balance.

Working for a DSO means working for a corporate entity with a corporate mindset, which may translate to production quotas or expectations set by the organization. When joining a DSO as an associate, it is important to carefully review your associate agreement, as many employers require a non-compete clause which prevents their employees from working for a local competitor should they decide to leave.

**Independent Contractor (private practice or DSO)**

Like associateships, independent contractor positions can be found in both the private and corporate sectors of dental/orthodontic practices. The primary difference is that independent contractors are not considered employees but rather self-employed doctors working within the confines of a contractual agreement. Independent contractor positions may be short- or long-term and offer the freedom and flexibility to determine hours, fees, patient scheduling and treatment planning. Some orthodontists choose to work as an independent contractor in a part-time capacity if they are looking to work a second job to supplement their income.

Because they are not employees, independent contractors do not typically receive a set salary, thus income may be provided on a per diem basis or as a percentage of collections. In addition, independent contractors are often required to supply their own equipment and staff and may be responsible for generating their patient pool, as well.
**Academics**
Academics in orthodontics offer a unique opportunity to engage in life-long learning while helping develop future generations of orthodontic specialists. Academic opportunities may include full- and part-time faculty positions, as well as volunteering, within orthodontic programs at universities and hospitals. These positions may also offer opportunities to grow into program chair or director roles.

Teaching, research and administrative responsibilities are often required in the academic setting, thus a significant amount of time may be spent on lecturing, writing and reviewing literature.

For full-time positions, academics allow doctors to earn a stable income without the financial burden of practice ownership, though income is generally lower than private practice orthodontics. Comprehensive fringe benefits are also provided.

**Military**
Orthodontics in the military is also a unique opportunity in that doctors can become formally trained and begin their orthodontic careers, all while proudly serving their country. Following their two-year residency training, graduates go on to fulfill a three-year Active Duty Service Commitment (ADSC; also known as payback), which typically occurs overseas. After that time, they may choose to remain in the service or pursue another practice opportunity.

A major benefit of practicing orthodontics in the military is the financial component. Service members do not pay tuition during their training, and students also receive full military pay and benefits during training, as well as the time they remain in the service.

**Determining Your Career Path**

Now that you are up-to-date on the orthodontic market, trends and assorted career opportunities, the next step is to determine how you are going to practice. Fortunately, the AAO maintains a robust offering of complimentary member resources to help make your decision process easier. Each of these resources can be found on the AAO member website at www.aaoinfo.org, and below you will find more specific information on their location within the site.

**Practice Modalities Comparison**
In the previous section, we walked you through basic definitions and characteristics of the various orthodontic practice modalities. There is much more to know and consider for each area, however, which is why we have developed the Practice Modalities Comparison tool. This resource allows you to compare the common and general traits of each practice type and review aspects you may not have otherwise considered at this point in your search.

The Practice Modalities Comparison can be found at www.aaoinfo.org/education/career-management-resources (www.aaoinfo.org > Education > Career Management Resources > Career Planning Tools & Resources).
**Practice Modalities Checklists**
 Though you may have identified a career path that appeals to you, deciding where to go from there may be a mystery. That’s where the Practice Modalities Checklists come in. This resource outlines suggestions for pursuing each opportunity type to help you develop your plan of action.

The Practice Modalities Checklists can also be valuable if you are still determining which career path is right for you, as we have incorporated separate checklists for “exploring your options” and “beginning your search”. These sections include suggestions for defining your personal and family goals, analyzing your financial needs and much more.


**Practice Opportunities & Careers**
 Referenced multiple times throughout in this white paper, Practice Opportunities & Careers is an online matching service that connects AAO members searching for orthodontic career opportunities with those who have opportunities to offer. As an opportunity “seeker”, you can browse available listings of all types – including practices for sale, partnerships, associates, independent contractors and academics – or filter your search by location and type.

Upon gaining access to Practice Opportunities & Careers, you will create your unique seeker profile and upload a resume to share with providers. The service also offers confidentiality for seekers who do not wish to reveal their identity, as well as a messaging feature to contact providers through the system.

Access Practice Opportunities & Careers and create your seeker profile today at www.aaoinfo.org/careers (www.aaoinfo.org > Education > Practice Opportunities & Careers). Practice Opportunities & Careers is also accessible through the AAO mobile app.

**Career Management Resources**
 Beyond the information and data provided in this white paper, the Career Management Resources section of the AAO member website houses more than 50 other articles, tools and external links to help you thrive in your orthodontic career. Content is conveniently categorized for the areas of:

- Debt Management
- Career Planning
- Beginning Your Career
- Professional Liability Insurance
- Demographics and Statistics
- Practice Transition and Retirement

Business of Orthodontics Webinars

A concern of many residents and orthodontists who are considering starting, buying or working in an orthodontic practice is the business side of the profession. Brought to you with support from the AAO Insurance Company, the Business of Orthodontics series offers business training for practice success in the areas of:

- Finance
- Legal
- Practice Strategies/Management/HR
- Risk Management
- Marketing
- Career Paths

Business of Orthodontics presentations are offered as live webinars on a monthly basis from fall through spring, and all lectures are recorded and archived on the Online Lectures site. Access them at www.aaoinfo.org/bluesky (www.aaoinfo.org > Education > Online Lectures > Business of Orthodontics) or via the AAO mobile app.

The Business of Orthodontics series is also coming soon to orthodontic residents throughout the U.S., as the AAO collaborates with residency programs to institute live, in-person practice management courses.

Legal Resources and Contracts

No matter which career path you select, you will likely be able to use something from the AAO’s legal and contract resources. The AAO Contract Guide, for example, is a comprehensive sample agreement designed to help you understand what certain common clauses mean, and what provisions you should pay particular attention to, when reviewing a contract. More specific sample agreements which are available include a purchase and sale agreement, associate agreement and independent contractor agreement.

Access these and other legal resources at www.aaoinfo.org/legal-advocacy (www.aaoinfo.org > Legal & Advocacy).

Career Fairs and Events

The AAO makes career transition a priority for its members each year at the AAO Annual Session. Beginning with the Practice Transition Seminar, a full-day event held on the Friday of the Annual Session, new and established doctors come together for interactive lectures and sessions with some of the industry’s leading transition experts. The Annual Session also features a New Orthodontist & Resident Conference, typically covering a practice transition or management topic, as well as an Orthodontic Career Fair that connects opportunity seekers and providers face-to-face.

In addition to the Annual Session, the AAO hosts a Virtual Career Fair each fall. This event is similar to the Orthodontic Career Fair held at the Annual Session but allows attendees to chat live with exhibitors from the convenience of their computer or mobile device.
Learn about the Annual Session events at [www.aaoinfo.org/meetings](http://www.aaoinfo.org/meetings), and watch for announcements on the Virtual Career Fair beginning late summer or early fall.

**Conclusion**

The fact remains that career opportunities in the orthodontic specialty are continually evolving. And while there is certainly no shortage of practice options for you to consider, determining the right path for your unique situation hinges on many factors you need to examine and decisions you need to make. Use the information provided in this white paper, as well as the resources referenced therein, as a guide to your decision-making and planning processes. For additional information and assistance, visit the AAO member website at [www.aaoinfo.org](http://www.aaoinfo.org), or contact the AAO office at 314-993-1700 or info@aaortho.org.

**References**

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