



DENTAL NEWSLETTER

May 2016

Choice Says Drop Extras Cover

Choice spokesman Tom Godfrey, choice.com.au 16 March 2016, says its analysis of extras cover shows below average payout rates and savings of up to 45% available for consumers who drop it. The federal government's decision to sign off on 5.59% average premium increases sees consumers slugged with a 48.3% cumulative increase since 2009.

Choice found that only around \$370 on average was paid out in extras benefits per person in 2013/2014. It also found that of top cover health insurance from the two largest health insurance funds, Bupa and Medibank Private, you can save between 30% and 45% of your health insurance premium by dropping extras insurance.

The Medicare levy surcharge and the lifetime health cover loading only apply if you don't have private hospital insurance. You don't need extras cover to avoid the charges.

Lazy Figures in Dental Studies

Studies by the consulting arms of large groups invariably stop at the supply side of dentists but, as with all things, there is a supply of dentists and there is demand for dentists. It's much easier to add up the number of dentists graduating and passing ADC exams and project those dental populations into the future against predicted population growth. That's really only dealing with the supply side. OECD averages of dentists per population are also meaningless without knowing the extent to which various countries have fluoridated water supply, or how many dental auxiliaries exist.

To arrive at true figures in a comprehensive survey of dental numbers, somebody needs to determine how many of the existing dentists are under-employed and how many vacant surgeries there are. If a four-chair practice employing the equivalent of three and a half full-time dentists only has two and a half chairs busy for the normal Monday to Friday sessions, then in reality that practice has the equivalent of one unemployed dentist (spread over several persons) and the equivalent of one and a half operatories vacant.

It's necessary to determine how many dentists are not working a desired number of sessions, and of those dentists who are available for, say, four and a half days per week, plus one admin session, what proportion of their time is downtime because of gaps in their books. There are many experienced dentists working at 70-80% of their own capacity.

Such a study requires quite detailed surveys and would be expensive to complete, but only by getting down to the detail can anybody determine what the true state of the dental oversupply is. Our own estimate is about 1,500 dentists Australia wide.

Simply comparing numbers of dentists to population is meaningless, because there are many people who will ignore the need for dental care even if it is provided at bargain basement rates and they can afford it. There are others who simply won't pay for it, as was proved when the Medicare Chronic Disease Dental Scheme ceased and those still needing more treatment refused to pay, saying they'd wait for the government to produce another free scheme at some time in the future.

Pass it on

If you have friends in a dental chat line or a dental study group who are not receiving our newsletter, please email it to them. If they wish to be added to our distribution list, they may contact annie@synstrat.com.au

Optimum Time to Sell a Practice?

Practice brokers argue for early sales because they want the listings. Show us a real estate agent who doesn't want to list your house for sale in the near future.

There are a number of dentists who may not have a lot of years left in dentistry and who make a reasonable income, albeit well below some of their colleagues. In many cases they are better off holding on to the practice and getting several more years of income, but some need to spend a little on refreshing the practice in the meantime. Every case is different; some should sell, others are better off waiting. The reason Synstrat does not act as a practice broker but rather as a valuer and adviser is that by not being a broker we can give unbiased advice.

Marriage Breakdown – Property Settlement Valuations

To avoid protracted dispute, valuation by a jointly appointed valuer is required. Synstrat has been valuing dental practices for 22 years and has a wealth of data. Our valuations are rarely challenged because they are recognised as being the most authoritative in Australia. Telephone David Collins or Graham Middleton on 03 9843 7777.

Independent Dental Network (IDN)

IDN will provide dentists with the tools they need to fight predatory health funds.

Contact merv@independentdentists.com.au

Note: Neither the Synstrat Group nor its partners/directors have a financial interest in IDN. We have many dental clients and we want what is best for dentists and their patients. We believe dentists should seriously consider joining IDN.

Everybody's Going Electronic!

Help us to save the planet by electing to receive the Dental Newsletter by email. In addition to the newsletter, information not provided in the newsletter is periodically emailed to dentists on our distribution list. Please email annie@synstrat.com.au to register your email address, and advise the postal address we currently send your newsletter to.

Guru Bob and the Boxes in the Sky Scam

Read *Synstrat Dental Stories* (page 242). To obtain a copy of this publication written by Graham Middleton, make a tax deductible donation to the **Delany Foundation**, a charity which brings hope and opportunity into the lives of young people deprived of education in Australia, Papua New Guinea, Kenya and Ghana, including medical aid and meals to enable kids to participate in learning.

The charity is administered by volunteers, and hence every dollar collected is spent on those in need. Once you have made your donation, please email confirmation of your donation along with your postal address to annie@synstrat.com.au and a copy will be sent to you. Donations can be made by mail to:

Delany Foundation
PO Box 429
Casula Mall NSW 2170

Or via direct debit to the Delany Foundation Ancillary Trust, BSB 062 784 CBA account number 4050 5402. Should you have any difficulties, contact Matthew Mahoney on 0419 202 787 or 02 9600 8184.

*Also available free on request: **Buying and Selling General & Specialist Dental Practices** (booklet size) and **50 Rules for Success as a Dentist** (booklet size).*

Periodontists

The ADA has removed the periodontal treatment number 281 and periodontal supportive care number 282 from the dental schedule of services, potentially locking out these periodontal services from the private health fund insurance schemes. According to a prominent periodontist, this has been done without consultation with the specialist group concerned. Synstrat would like an update on this.

ADA Queensland – Health Insurance Extras

The ADA Queensland branch put out a statement which it asked dentists to circulate to their patients, with a nice balance scales diagram demonstrating that health insurance extras cover payments far exceed extras cover health benefits.

Surely it's timely for the ADA nationwide to have a campaign asking all dentists to do mail-outs to their patients on this matter.

The dentists in Perth and Adelaide are not going to succeed in getting oppressive behaviour from health funds removed unless they take united action to bring the true facts of dental health insurance to patients'

notice. With every preferred provider taking the attitude that they'll let somebody else tackle the issue first, the health funds concerned are going to render virtually all practices in those cities valueless in time. This will effectively render Perth and Adelaide dentists into the role of serfs, with health funds being their lords and masters.

Meanwhile, an ADA staff member in Sydney bragged about its excellent relationships with the health funds. Really? We wonder. Dentists in Perth used to think they had a great relationship with the dominant health fund in Perth, but look what happened to them!

Synstrat Dental Practice Valuations

Synstrat is the only accounting group in Australia which maintains an active, continuously updating database of dental practice benchmarking performance. This is essential in assessing features of a practice. As accountants to many dentists we also witness the finalised purchase and sale agreements, and this is a critical tool in assessing the market. Telephone David Collins or Graham Middleton on 03 9843 7777.

Independent Financial Planning and Life Insurance for Dentists

Synstrat is experienced at providing financial plans for dentists. These take into account dental practice profitability and benchmarks, as well as ownership of premises and other family assets and other financial issues. Telephone Graham Middleton, Cameron Darnley or Roger Armitage, each of whom are experienced financial planners, on 03 9843 7777. Cameron can also assist with life insurance. Synstrat Management Pty Ltd holds its own licence. It is not obliged to recommend the products of a particular bank or insurance company.

Buying a Practice – Accounting Advice

We meet dentists who, because of wrong advice, exposed themselves to greater capital gains tax on eventual sale far into the future. If buying and seeking sound advice Telephone Graham Middleton or David Collins on 03 9843 7777.

Visit www.synstrat.com.au for more information on these topics.

THE SYNSTRAT GROUP ARE AUSTRALIA'S MOST
EXPERIENCED DENTAL PRACTICE BUSINESS
ADVISERS, FINANCIAL ADVISERS, ACCOUNTANTS
AND VALUERS

For further information on this subject, please call:
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