



DENTAL NEWSLETTER

October 2016

A Great Dental Read

Comments from dentists indicate that Synstrat Dental Stories has been a great read about their profession. Although based on stories by Graham Middleton, it was edited by prizewinning author Kate Middleton (B Music, BA Hons Melb, MA Georgetown Washington DC, MFA University of Michigan) who is currently finishing a doctorate in creative writing. The result is far more readable, with Graham's often hastily written magazine stories significantly reconstructed.

To obtain a copy of this publication 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).

Conflict of Interest?

The large health funds are:

1. Ripping off their policyholders by taking 22 cents in the dollar of extras insurance for themselves.
2. Making economic war on dentists by restricting treatments and giving differential rebates.

The question which arises is:

Are ADA office-bearers who are also running preferred provider practices in a conflict of interest situation with respect to other dentists?

This is a confronting question. Synstrat would like to hear the views of dentists. Please email us your thoughts.

The Crux of the Matter

There are two dental practices in a country town. One practice has consciously set out to be the better practice. Its dentists are more experienced, and they have attended more post-graduate training. They have superior premises with modern equipment. We'll call it the Superior Practice.

The other practice has inferior presentation, ageing equipment and dentists whose repertoire of dental treatment procedures is limited. We'll call it the Inferior Practice.

The townspeople have long voted with their feet, and Superior Practice is booked out three weeks or more in advance. Inferior Practice has many gaps and in desperation becomes a preferred provider to several big funds. It agrees not to offer some treatment options to patients.

Patients of Superior Practice are advised by health funds that their dentist is expensive, and they should transfer to an approved practice in order to get better rebates, i.e. to Inferior Practice!

What does this say about:

1. The ethics of big health funds?
2. The owners of Inferior Practice?

Independent Dentist Network

Dentists who are threatened should seriously consider joining **Independent Dentist Network (IDN)**. IDN will provide dentists with the tools they need to fight predatory health funds.

Contact merv@independentdentist.com.au

Synstrat has no financial interest in IDN other than the fact that many clients are threatened by the health fund insurers, and we wish to see them insulate their practices.

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.

ADA Inc. President Rick Olive Takes on Health Funds

Dr Olive has said *'It's time to take on the private health insurers.'* This is unequivocal good news, as it indicates there is now a prospect of dentists unifying against the abuses of health funds. Over the years it appeared that Synstrat was a lone voice pointing out the abuses of the health funds, and indeed some former presidents and the ADA Inc. CEO appeared to have set their minds against what Synstrat had to say about both dental immigration/too many dental schools and the actions of health funds. Some state and territory ADA bodies are still cuddling up to health funds long after the abuses which had occurred in Western Australia and South Australia. As dentists are well aware:

1. Big health funds slice 22 cents in the dollar from extras cover.
2. Dentistry is the biggest component of extras coverage, comprising about 50% of extras, dwarfing any other allied health professional participation.
3. Health funds are unable to achieve significant gross margins on their hospital cover activities.

As a result, the strategic issue for the large health funds is how to control and manipulate dentists in order to continue the extras margin at the expense of both dentists and dental patients who have extras cover.

It's taken a long time for ADA Inc. to get a president who has been prepared to throw off the baggage of that body's own past. It also took many years to address the issue of dental immigration, because in the past presidents and its CEO had lobbied government to turn on immigration taps.

It's nice that Senator Xenophon has raised the issue in the Senate, and we advocate that all dentists affected by health funds should write to him c/o Parliament House in Canberra, describing abuses by health funds. Be wary of assuming that any politician will be your champion long-term. Politicians flit from issue to issue dependent upon what hot issues might get them re-elected. They will move on to other hot issues in the blink of an eye.

CEO's Duration

Large public companies such as our major banks and other corporates recognise that it's bad business strategy to keep CEOs in jobs indefinitely. Long-serving CEOs are apt to avoid new strategies which might expose their past mistakes, rather like Sir Humphrey Appleby in Yes Minister.

Hopefully ADA Inc. will put a realistic time limit on the contracted period of its new CEO. Hopefully too the appointee will be directed by the Board to focus their energy toward exposing and limiting the unsavoury practices of health funds.

Hitting the Health Funds

The only thing which will cause the major health funds to modify their abuses is a significant reduction in extras/ancillary health insurance membership, with dental patients being counselled to have hospital cover only and, failing that, to switch to one of the small, non predatory mutual funds such as HIF, Australian Unity, Defence Health, Frank and Teachers' Health Fund.

Bupa, nib, HCF, Medibank Private, including AHM, and HBF should be avoided. Dental patients deserve to be

able to deal with the dentist of their choice and without having arbitrary restrictions placed on treatment by non clinically trained health fund bureaucrats.

Important

Read the following on Synstrat's website www.synstrat.com.au under Synstrat Publications > Dentistry Publications: ***A 2026 dental retrospective on the battle against rapacious health funds***

Tasteless Promotion – Smile.com.au

A dentist sent us a promo from Smile.com.au on how to partner with that organisation, in what they say is *'the best way to get patients into your practice since sugar'*. Surely only the desperate and dateless would join this tasteless promotion which advocates that dentists drop their fees and partner with health funds. It even suggests that this is a way to *'increase practice value'*.

As long-term valuers of dental practices we can assure dentists that the most valuable practices are the ones which are not preferred providers and which avoid dental schemes.

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

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.

Practice Valuations & Accounting Services

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.

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:
Graham Middleton or David Collins
Telephone: 03 9843 7777
Email: dental@synstrat.com.au
Internet: www.synstrat.com.au

Prepared by Synstrat Management Pty Ltd for clients of the Synstrat Group. Synstrat Management Pty Ltd is the holder of Australian Financial Services Licence number 227169.

Disclaimer

The information contained herein is of a general nature and no specific action should be taken without individual advice. Speak with Synstrat staff as appropriate.