



Progress Report

By Laura Thill

DSOs: An Industry Update

Editor's note: Progress comes in many shapes and forms. Advances in technology and an evolving focus on the patient experience have raised the bar for clinicians, as they hustle to stay at the forefront of an industry marked by lightning-speed growth.

Determined to be a leader, the dental industry has taken significant steps these past 10 years to ensure it offers more and better services to patients. With that has come the growth of dental service organizations. In fact, for many dental professionals, DSOs have made it possible to stay focused on patient care rather than getting swept up by the demands of their business.

Efficiency in Group Practice reached out to several industry experts to discuss the evolution of the dental service organization: the factors that have impacted their growth, the challenges they have faced and the changes that lie ahead.

Benevis Practice Services

***Efficiency in Group Practice:* How have dental service organizations, including your own, grown over the past 10 years?**



Andrew Oreffice

Andrew Oreffice, senior vice president of compliance & government relations: DSOs have grown in size, influence and sophistication throughout the past decade as more dentists have opted for a practice model that allows them to focus

on what they went to school to do – practice dentistry. Nearly 7 percent of dentists in the United States are now affiliated with a DSO, according to the latest data from the ADA Health Policy Institute, and that percentage almost doubles for dentists under the age of 35. Today there are hundreds of DSOs that range in scope and size. At Benevis, we've grown from 14 affiliate dental practices in 2006 when I joined the organization to more than 150 affiliate practices in 2017. Part of this growth is due to the increasing popularity of DSOs among new dentists. We've also invested in award-winning technology and industry-leading compliance programs that make our practice support services especially attractive to established dentists and group practices.

EGP: What factors – economic, legislative, social, etc. – have impacted this growth?

Oreffice: Increased regulation and administrative bureaucracy, technology changes and economic factors have made it more difficult for dentists to run financially viable private practices. Increasingly, established dentists and group practices are partnering with DSOs to manage the non-clinical aspects of running a busy practice. They do this to alleviate themselves of the hassles of things like HR, payroll and marketing, and also to tap into the DSO's buying power and economies of scale for equipment and technology purchases. Younger dentists – often saddled with student loan debt and seeking professional growth opportunities – are attracted to DSO-affiliated practices because they offer competitive wages and benefits, clinical training, professional development and a modern, sophisticated practice setting that does not require a large startup investment or additional loans to build.

EGP: What have been some of the greatest challenges facing DSOs, and what strategies have proved successful for addressing them?

Oreffice: As is the case with any innovative and disruptive industry model, there has been some skepticism about – and resistance to – DSOs from the dental establishment, state and federal regulators, lawmakers and payors. This is changing as more stakeholders become educated about the DSO model and see the benefits – particularly a better quality of life for dentists, improved dental health outcomes for patients and lower costs for payors. It is hard to dispute data, which is one of the reasons Benevis has invested in electronic health records and comprehensive quality and compliance programs. Our own internal data, as well as publicly available government data, consistently shows that our affiliate providers like Kool Smiles are leading the way in providing conservative care, improving patient health outcomes and lowering costs for government payors like Medicaid. We also do a lot of outreach to stakeholders to educate them about the DSO model, share our success stories and best practices, and give voice to the growing number of dentists who have found their clinical home with a DSO-affiliated provider.

EGP: In your experience, is it easier or more difficult for DSOs to do business today compared to past years?

Oreffice: In some ways it is easier for DSOs to do business today due to changing perceptions about the DSO model and its growing popularity. Of course, these positive trends also mean that the DSO sector is more competitive than it was 10 years ago. Like the rest of the dental industry, DSOs will need to continue innovating and evolving to stay competitive in the years ahead.

EGP: What is the biggest change we can expect to see in dental healthcare in the next several years, and what will this mean for DSOs?

Oreffice: The biggest change we can expect to see in dental healthcare is the shift from fee-for-service to pay-for-performance models, both among public and private payors. Rather than paying providers for volume, pay-for-performance models will reward preventive care, cost-effective management practices and improved oral health outcomes. With their industry-leading EHRs and quality and compliance systems, DSOs like Benevis are uniquely positioned to help dentists demonstrate value and outcomes, so we expect that even more dentists and group practices will enlist the expertise and resources of DSOs as they navigate this new payment paradigm in the years to come.