Can you afford not to have a chairside CAD/CAM system?

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I'm not a dentist, dental assistant or dental technician, but I am a dental professional, a dental CPA, and I'm also a patient. While I can't vouch for your analysis of the fit, form and function of the restorations that you can now fabricate in your own offices with systems such as E4D Dentist (D4D Technologies) and CEREC (Sirona), I can vouch for the financial "margins" they'll produce. Once you are confident in the clinical results, the rest is elementary.

Here's a scenario I experience far too often. I was at a large client's office recently when a CAD/CAM representative stopped by. After the representative explained the various clinical advantages as well as the financial benefits of chairside CAD/CAM technology, such as buying blocks and sundry supplies for about $30 per unit versus paying an outside fabrication fee, etc., my client was visibly excited. He has three dentists in the practice, and they do a lot of bread-and-butter dentistry; in fact, if you are a general practitioner who's reading this, it is most likely that 70 percent of your crown and bridge work is single-unit posterior units — the prime target for chairside solutions.

The representative then went on to explain that the cost to finance the machine was about $2,500 per month for five years. I was flabbergasted when my client said, "Oh, I can't afford that!" I almost jumped across the clinician's desk and asked, "Tom, how much is your monthly lab bill?" "About $12,000," he replied. "Well," I said, "in the next five years, you will be writing checks out to someone else to make your restorations totaling nearly three-quarters of a million dollars! Surely, you can't afford not to take advantage of the benefits of doing your single units yourself. Think about it: a chairside system would most likely save you $6,000 to $8,000 a month — or nearly half a million dollars in five years time!"

There is no other piece of capital equipment that can return immediately on the ROI (return on investment) like a chairside CAD/CAM system. You need to look at the payoff, not the price.

I can give you a few facts to consider to help you make an informed decision, but I obviously can't make you pull the trigger, even if it seems like a perfect solution.

The math comparing the cost of blocks to lab fees is fairly straightforward. There are online calculators to evaluate your specific situation (www.E4D.com), but very generally, most folks would break even if they produce about 15 units per month based upon fabrication fees. One of the greatest analytical tools for your practice is available from your Henry Schein...
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CHOOSE
The E4D Mill fabricates restorations from a wide range of metal-free restorative materials offered by D4D Technologies, 3M ESPE, and Ivoclar Vivadent, including IPS Empress® CAD, IPS e.max® CAD and Paradigm™.

MILL
The E4D Mill is a "smart" mill that calculates custom tool paths for optimal performance and marginal integrity of the various materials while providing efficient and precise results. E4D’s Mill selects the appropriate bur and replaces broken or worn burs automatically, minimizing user intervention.

RESTORE
Only E4D Mill’s servo motors and patented robust design minimize vibration providing micron-precise accuracy and optimized material performance.

The E4D Dentist chairside CAD CAM system offers improved profitability, complete restorative control, and enhanced patient convenience using powder-free laser based scanning, intuitive design and precision milling — all in your office.

Call 1-877-293-4945 or go to www.e4d.com/cadcam to see how E4D can make a difference for you.

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representative. It’s called a Digital Practice Analysis Tool, and it can show you the many ways you can run your practice more effectively and efficiently while still delivering a higher standard of care and excellence in dentistry without compromise.

Have you considered the marketing advantage of being able to offer quality, same-visit service? Think of the time off work, gas and travel time a patient saves if you can eliminate a second appointment. Not to mention having to hassle with temporaries. I have clients who have lost patients to nearby offices that offer same-day crowns. I want other practices losing patients to you!

From a purely financial standpoint, there are some exciting tax depreciation changes that almost cut the effective cost in half!

_Depreciation and Section 179: What’s the big deal?

Unless you have been living under a rock, you probably heard a lot of excitement at the end of 2010 about raising the Section 179 limits. Yet, you may have wondered what the excitement is all about and whether it might help you.

First, here is some background information. When you write a check for day-to-day operating expense items such as wages, supplies, lab fees, etc., those expenses reduce your taxable profit and are tax deductible. The assumption is that such items are consumed in the current tax year. However, not all purchases are immediately deductible. For instance, if you buy items that are expected to last at least a few years (dental equipment, vehicles, computers, etc.), the IRS requires that you spread the tax deduction over five to seven years (or up to 39 years in the case of a building). This is done in the form of an annual depreciation expense deduction.

Well, would you rather have an expense deduction all in the current year rather than spreading the tax benefits over five to seven years? Enter Section 179, named after the IRS code section, as well as another benefit called “bonus depreciation.” These two options give you the right to treat a large purchase as deductible immediately. The amount you are allowed to deduct each year is constantly changing as conditions give you the right to treat a large purchase as deductible immediately. The amount you are allowed to deduct each year is constantly changing as conditions give you the right to treat a large purchase as deductible immediately. The amount you are allowed to deduct each year is constantly changing as conditions give you the right to treat a large purchase as deductible immediately.

Congress gave us a (rare) pleasant surprise in late 2010 when it suddenly raised the limit on the amount of equipment purchases that you could elect to deduct immediately under Section 179. For 2010 and 2011, that limit was raised to $500,000. For 2012, the limit will drop back to the pre-Bush limit of only $25,000. Even more startling is the fact that the bonus depreciation rules allow you to immediately deduct an unlimited amount in 2011 for new items only and 50 percent of an unlimited amount in 2012. Thus, congress is clearly encouraging businesses to invest in new equipment as a means to stimulate the economy.

So how does this all affect you? Well, if you are in the 40 percent marginal tax bracket (federal, plus state, plus Social Security taxes) and you purchase and expense a $120,000 chairside CAD/CAM system, then you would get a 40 percent tax refund of $48,000. This means your after-tax cost is essentially only $72,000.

A word of caution: Incorporating a chairside CAD/CAM system represents a very large potential deduction, and its actual impact will affect each clinician differently. This is because of your actual tax situation as well as whether you are a sole proprietor or incorporated, so it is imperative that you have a good CPA to analyze your circumstances. I would suggest you use a good dental CPA who can help analyze the clinical impact on the operations of your practice as well as the tax impact. The Academy of Dental CPAs (www.ADCPA.org) is a great place to start. It’s an association of 26 dental CPA firms that represent about 7,000 dentists throughout the country.

While dentistry is a great profession, it is also a business, and to make your livelihood more productive and profitable, you can either work harder or work smarter. Investing in technology that will improve your bottom line and your financial and clinical margins is a good idea. Check out the latest technology and offer yourself, your team, your patients and your family all of the benefits._