A matter for debate

Graham Penfold and Dental Tribune discuss dentists’ earnings

Dental Tribune: Money matters have dominated the media for some months now. The stories have been mainly ones of doom and gloom for the economy both here and globally. But recent figures for dentists’ earnings tell a different story. Average net earnings, from both private and NHS sources, for all dentists were £96,135, before tax. Average gross earnings (including expenses) were £206,255, with average expenses of £110,120. Sounds pretty good, so why are dentists so grumpy these days?

Graham Penfold: The figures relate to the financial year 2006/07 which is almost certainly a ‘freak’ year because it will not include any adjustments for clawback monies and will also include monies paid out under the old contract. In any event, I do not think that this level of pay is unreasonable for a dentist because it is a difficult and demanding profession involving a long period of training. What NHS dentists are grumpy about, and understandably so, is the rigid and unreasonable way that they are forced to earn their fees under the new contract.

Dental Tribune: The figures were based on income-tax returns which should have allowed for clawback and pre-contract earnings. However to move on one of the things that was interesting was that whether dentists were private or NHS, it made little difference to their net earnings which were around £103,000 in both instances. Every time you read a story in the media about the contract, it says that dentists have left the NHS for private practice ‘where the fees are higher’. The fees may be higher, but not the profit; how can the profession get this message across?

Graham Penfold: I think the message is a simple one. Yes, in private practice the fees may be higher, but this is to allow more time to be spent with patients. This provides a more relaxed and less stressful environment which is beneficial for all parties including the patients. It also enables the practice team to go on more courses and invest in new equipment, materials and techniques advancing the level of care and choices to patients. After more than 20 years of helping practices both convert to and promote private practice, it is very rare that increased personal profit is the sole driver.

Dental Tribune: The Department of Health (DH) is going to jump on these figures. It may say that dentists are not taking on new patients, extracting teeth that could be root filled and ‘not having time for prevention’. Yet they are guaranteed net earnings far in excess most other professional people. The BDA’s evidence to the Review Body, however, is claiming an extra 5.3 per cent on net income, because general dental practitioners ‘are ex-
posed to prevailing economic conditions more than other healthcare professionals. They haven’t a hope of getting that, have they?

Graham Penfold: Yes, I think you are right that the DH will jump on these figures and if they do not then, given the parlous state of the public finances, the Treasury certainly will. I do not think that there is any chance whatsoever of an award of anything like 5.3 per cent in normal economic times let alone now. And yes, some dentists are not taking on new patients with high treatment needs, nor providing root canal treatment nor focussing on prevention because the new contract has a major flaw. It puts the need for commercial survival harshly against the need to provide the best possible care for patients.

Dental Tribune: Another figure from the earnings survey that interested me was that the expense ratio in the NHS was 50.8 per cent (against 60.6 per cent in private practice). Traditionally expense ratios in the NHS have been around 56 to 59 per cent. So the Review Body may well say: ‘You’ve had your 5.3 per cent and more, so next year no increase at all’. They did that for the doctors didn’t they?

Graham Penfold: With the introduction of the new contract, it is little wonder that expenses in NHS practices have fallen. Given that in an NHS practice it is now completely impossible to influence the income line, unless you want to bid for more UDAs, the only way that net profit can be improved is to reduce the cost base. This has happened in a large number of practices as evidenced by the very large fall in expenses in NHS practices; the number of advanced treatments that are being performed. It would be interesting to see a breakdown of the reasons for the fall in expenses in NHS practices; my guess is that lab fees and dental consumables could be two of the biggest casualties. As for expenses in private practice, as the advert goes, these are ‘reassuringly expensive’, perhaps due to staff being well paid, hygienists being engaged, high-quality labs and materials being used, and modern equipment being purchased.

Dental Tribune: The figures for associates, however, paint a very different picture though. Practice owners (mainly NHS) had net earnings of £146,599, but their associates, who do the bulk of the NHS work, only made £72,360. We of course do not have the figures for the corporates, but is it no wonder that contractors are falling over each other to bid for new contracts?

Graham Penfold: I think this section needs more analysis because there have been a number of important changes. First, because of the fear of clawback and also because most contracts are practice based rather than specific to each dentist, many practice owners have decided to pay their associates for completed UDAs rather than a simple one-twelfth of the annual contract sum. In the short term, especially where there is ‘underperformance’ this will inflate the practice owners income and deflate that of the associates. What we need to complete this confused picture is the amount of monies to be clawed back and to know who is responsible for writing the cheque; this adjustment will be very significant. Also, however, the New Contract and overseas recruitment have resulted in a dramatic change in the dental manpower market. There is no longer the chronic shortage of associates there once was, so an automatic 50 per cent is no longer guaranteed. As for contractors falling over themselves for more UDAs, the phrase ‘fools gold’ comes to mind!

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About the author
Graham Penfold has a degree in political science and a special interest in primary dental care policy making. He was director of finance and computing with Norfolk family health authority and a partner in Wilcox Penfold, the firm of management consultants which has advised both Norwich Union Healthcare and the Royal Bank of Scotland. He was a director of Oasis Healthcare plc for four years and is now operations director with Practice Plan.