On The Future of Orthodontics
...the Good, the Bad and the Ugly

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Introduction

Orthodontics is moving inexorably into troubled waters. As some have voiced, the paradigm is shifting. Managed care is becoming more prominent and we are wending our way into an uncomfortable schism. **We can believe that traditional fee-for-service is right for the patient and creates the highest quality of care, but eventually it will make no difference if we can't get the patient through the front door.** We've stabilized fees, we've improved efficiency, we've marketed our services, and we've cut our overhead. No matter how lean and mean we become, it's fruitless if the patient is bound by the HMO. As one mother discussed her predicament with me so succinctly: *"I'd really like to come to you, but if I do, I not only lose what I've already paid for my HMO, but your full fee has to come out of my pocket. That's paying double for my orthodontics. I'm sorry, I just can't do that."* Indeed, societal, political and market forces will prevail.

Comparing orthodontics to what is happening in medicine will yield some clues about our future, but we are different. Managed care cannot deprive us of a place to work (hospital privileges), but it can severely stunt our growth and innovation. It will not be as invasive to orthodontics as it will to other disciplines; but, HMO, PPO, IPA, MSO, DHA and OCA are certainly acronyms we shall become intimately aquainted with in the near future. One thing is sure. We cannot stick our heads in the sand. Denial won't solve this dilemma. Choices made will affect the face of orthodontics in the future. **Until a law is passed that states that "the patient has a right to choose his or her orthodontist and all fees allowed by the carrier will apply," the future of fee-for-service will be under siege.** That is not likely to happen soon without a concerted effort on our part.

We are generally bound by the status quo of our brethren in the other disciplines. If the government will not change the rules for medicine, why would they change them for orthodontics? We are not playing on a level playing field for the time being, and we have to live with that. Many patients are simply not going to have the choices we'd like them to have. There will be

two tiers of orthodontics that will be defined by demographics, economics and orthodontic bias. Many orthodontists will stay fee-for-service because their economic environment and ability to compete allow them to do so. I have no question most orthodontists have the ability to create such value for their patients that they would never need to submit to an HMO. There is no doubt about that. Others will submit to managed care because it is what their competitive, economic and social environment allows. Unfortunately, each side will try to impugn the other for damaging orthodontics as a profession. **One attitude is cavalier, the other submissive. That is the ugly.**

Perspective: We should have the best educational systems in the world; but the truth is, we rank 14th. How can a country which prizes education so much be so poorly educated? Many people feel their children can get a better education at a private school. Of course, as taxpayers they already pay for a public education. When they pay for private education, they are paying double. If the state would allow educational funds to be applied to private education, this would help create a level playing field. The consumer could choose to pay the extra for the private school without losing the taxes already allotted to the public school system. This would create a measurable improvement in our educational system, both public and private. The government recently mandated a smaller class size in the state of California. Never has there been such an exodus of students from private institutions back into the public schools. That is all it took. The government was saying, in effect, we support doing a better job in the public sector. The public is merely looking for value for their dollar.

When we are in the middle of change, self-righteousness seems to rear its head. I suppose psychologists would say that occurs when our security is threatened. In the meantime, there is much we can do to improve relationships with our patients; to improve quality; and to find out what really works in orthodontics to further tap the potential patient pool. This, by the way, is a greatly under-utilized asset of orthodontics. Even the most conservative studies show we are presently reaching only 15-18 percent of the population who could benefit from orthodontic services. Many orthodontists view fee-for-service as an inalienable right. It is their icon. They act as if it should be part of the Constitution. I think most would agree we can deliver the best quality of service to our patients if we can work in a fee-for-service environment. But that does not necessarily mean the patient is getting the best value for his or her orthodontic dollar. **Unfortunately, our rightful business icon is free enterprise.** Market forces always fill the void of need. We can censure managed care and its warts all we want; if there were not a need, it would not exist and more importantly, it would not thrive. There have to be other ways to confront this problem without conveying ourselves to managed care. It is a good thing to learn caution by the choices or misfortunes of others.

Perspective: Many are upset with Microsoft Corporation because of its ruthless business practices and stated agenda of decimating the competition. Macintosh aficionados complain that Microsoft stole their operating system and is burying them with it. Poor little Apple. Seems unfair, doesn't it? However, the truth is: if Apple cannot compete, it will die on the vine. That is the true nature of free enterprise. It will always tell you the truth. We can be disgruntled with managed care all we want, but economic and competitive forces will prevail in the end. Apple is in its current state of affairs because of mismanagement, not because it isn't a good idea and certainly not because it didn't want to deliver quality. As a company it was **arrogant** and is now getting its comeuppance. *Even good ideas and quality wane in the face of poor management.* Apple will make it if it embraces the changes needed. If it doesn't, well, Sayonara.

How did these changes come about in orthodontics? What forces are changing the direction of orthodontics? Why are we where we are?

1. Arrogance

Many of us in orthodontics think it is our inalienable right to be successful. Physicians have felt that way for years. If I invest 15 years in tough training for my profession, success should be a fait accompli. That is the way it has always been; that is the way it should always be. In orthodontics, we have developed lavish life styles that are difficult to maintain when our income stream is severely compromised. This is especially bothersome for the mid-practice doctor who is counting on practice growth. The older orthodontist usually has some financial resources and the graduating orthodontist hasn't developed that lifestyle.

Perspective: I have a good friend who is a successful and skilled vascular surgeon. Five years ago he **netted** well over a million dollars a year from his thriving fee-for-service medical practice. . . a very handsome reward indeed for his skills! Then the HMOs came in and altered his future. His net has now dropped into the $300,000-a-year range. We might agree that $300,000 a year is a considerable amount. However, from my friend's perspective, he has been reduced to near poverty. He is very depressed about his lot in life, angry about the system that spoiled his good fortune and very pessimistic about his future. He uses liberal profanity when describing the HMOs and their control of his profession. From his standpoint, life will never be the same. **But he is arrogant; he is greedy.** He thought his previous earnings were a lock and his birthright, that it would never change. Helloooh! The marketplace determined his lot in life just as it will ultimately determine yours and mine. Nothing is a given.

This arrogant "won't-affect-me" mind-set has worked against us. That does not mean we're not competitive nor deserving. We are. It's the Peter Principle of our educational background that we are competitive. But that doesn't insure or guarantee success. If we take our success for granted, or don't envision the changes necessary to promote that success, we will be in the same boat as our medical (and now dental) counterparts. We're optimistic when we hear that orthodontic departments are downsizing or closing; when they are taking more foreign students; when the patient-orthodontist ratio is improving. Our niche appears to be secure. Not so. It is only ensured if we can control it and get a shot at treating the patient. Our future can be jeopardized very quickly if we are not the gatekeepers. Ask your physician friends. I'm sure they will be very happy to bend your ear about how rapidly and unexpectedly their lives have changed.

2. Technology

Several times in my orthodontic career, I have thought that technology in this profession had taken us just about as far as it possibly could. What a mistake! Every year, new and exciting innovations make my life easier and more productive. Not only is orthodontic therapy easier, its quality is ever improving and more predictable. Technology has done that for us. **But high technology also has a hidden dark side.** Just because we are treating the malocclusion more easily doesn't mean we are treating the whole patient. When we start to rely on our technology too heavily, the patient perceives that we are doing less and less. When we delegate more, we become more systematized, speedier, less conversant, less aware of our patients' personal needs for attention and care. Don't get me wrong. I love technology. But I know when the practice succumbs to it and is totally technology driven, the patient's perception is inevitably **high-tech, low-touch**. Patients see this as just one more extension of life's treadmill. The humanistic part of orthodontics is missing. How can they determine the difference between managed care and fee-for-service care when they are not being treated as a whole? Yes, I like to be efficient. ***However, the creeping featuritis of technology can look much like the coldness of the HMO if it isn't harnessed properly.*** If our patients feel the indifference either way, why wouldn't they choose the more economic route for treatment?

Perspective: There is so much disparity in modern orthodontics about what it actually takes to treat a case and what is right for the patient that most of us don't really even know what "the most efficient orthodontics" really is. Some on the lecture circuit tell us that we can treat a case in five appointments with one archwire. (I am always amused by that. *I average five* ***emergencies*** *per patient.)* But what does it really take? Patients need to be treated as individuals and costs need to be apportioned properly. Historically, our "compliant" patients are carrying our "high maintenance" ones. The patient who requires 45 appointments should not be lumped in with the patient who requires only 15. Only by doing quality time-and-motion studies can we really find out. This is the great challenge to efficient orthodontics and pricing/overhead considerations. This is not a subjective opinion or guesswork. It's truly hard-core and very objective research:"Which archwires do work the best? Which brackets work the best? Which cements work the best? Which orthopedics works the best?" and so on. Once this is determined, a standard can be developed that allows for cost effective and apt treatment modes. We need to take some of the guesswork out of orthodontic costs. Yes, orthodontics is an art, but it needs to be a more objective art.

3. Bureaucratic Impotence

In many cases our orthodontic political hierarchy has not served us very well. Or, maybe more fairly, they haven't been allowed to serve us very well **in this area.** They can be good at evolutionary changes but are not very good at revolutionary ones. People who give their time to the politics of orthodontics do it out of the goodness of their heart and are generally very altruistic. However, they are political and must serve many masters. I have a sense that the changes that are going to be needed will come about on a grass-roots level, not from bureaucratic posturing. Orthodontists have to be integrally involved in their own future. We can't expect our professional societies and hierarchy to solve these problems when they are trying to serve a larger constituency and have a very conservative mind-set. Sometimes change requires diversion. Decision-by-committee has a tendency to preserve the status quo. When everybody thinks alike, nobody does much thinking.

4. Education and Practice Setup Costs

The cost of an orthodontic education is staggering. It is not unusual for newly minted orthodontists to get out of school $100,000 to $150,000 in debt for their entire educational effort. When you look at the makeup of the orthodontic graduate students at many schools, they are either wealthy to begin with (many children of professionals, foreign students) or they are deeply in debt. It is almost impossible for someone of moderate economic means to pay the costs without incurring unreasonable debt. Add to this the cost of starting or purchasing a practice; the fledgling orthodontist can be in debt up to $300,000 or more. It's almost staggering. It doesn't take a rocket scientist to figure out it would take most people a long time to get out of this

much debt. Starting a new practice from scratch would be almost impossible. Many young orthodontists cannot bear this burden and thus work in clinics and the HMO environment out of financial necessity.

5. Lack of Mentoring

Over the last 25 years, there has been a gradual degradation of support for newly graduated orthodontists. The reasons are numerous. Increased use of auxiliary personnel has lessened the need for trained orthodontists as associates. Increased efficiency and technology have further reduced the use of clinical associates and as orthodontics has become more competitive and practices have increased in size, perhaps we are less inclined to hire potential competition. Whatever the reasons, a new graduate is often left with few positive practice choices. In addition, the skills that could be learned at the knee of a skilled mentor are being lost. While orthodontic graduate students learn more management skills in their orthodontic graduate programs now, they still lack intensive "on-the-job" training. In my own situation, I learned about orthodontics in graduate school; I learned how to practice orthodontics in my associateships and in mentoring situations. It is not unusual for a new graduate to be frightened about his or her future and willing to take almost any available opportunity, regardless of the ultimate consequences.

6. Poor Practice Transition Planning

Only recently have orthodontists become concerned about the transition of their practices to the next generation of practitioners. Many have gone over the top of the growth curve and are in the process of auguring their practices into the ground. That might be OK if we have adequate financial resources and aren't worried about downsizing. Without proper planning, we never realize the fruits of the asset that we have spent a professional lifetime building. The young orthodontist cannot afford to borrow the money required to cash out. We end up being the creditor and nursemaid to the new orthodontist. If he or she doesn't succeed, we don't succeed. Most authorities agree that for the transitioning process to work well, it must be initiated five or more years in advance with competent professionals to aid in the process. If the timing, communication, and selection processes are perfunctory, it can be a nightmare. How many of us have taken in associates with the intent of transitioning our practice, only to find this person across the street with half our patients? With as many as 50 percent of orthodontists divorcing or making bad business decisions (yes, we're human too), extricating the value of our practice ends up being a financial necessity rather than a comfortable

passage. We simply don't have the tools to effect this passage in a productive manner.

Perspective: There is a sense that all orthodontists are very secure and comfortable financially, that they will retire with millions in the bank. Some of our lecturers stand on the podium and speak freely about practices that gross $1and $2 million dollars a year. Do they exist? Of course they do. But they exist only in very defined and unique situations. The average orthodontists financial situation is much more meager than that. The average orthodontic practice grosses $475,000 per year with a take home of $191,000 and an overhead of 53 percent *(1995 JCO survey).* More importantly, the retirement nut that the average orthodontist has is less than $700,000 (*Blair-McGill Newsletter*). A lot of money, yes; enough to sustain a life-style? No, I don't think so. More importantly, their #1 asset, the orthodontic practice, is being frittered away in a declining growth curve without much likelihood of equitible transition. This is a real concern for many older orthodontists. It would be nice if this asset was inconsequential, but that is often not the case.

7. Quality of Life Issues

Many young orthodontists would like an affluent life-style, but they are not willing to give up a balanced life to achieve this goal. In many ways, this is very healthy. The life-value systems of this generation are different. They are more concerned about quality time and in pursuing family and personal objectives. They are willing to take less monetarily to realize this goal. This does not mean they are lazy; they're just more interested in the quality of life than in becoming workaholics. Most of them do not want to go further into debt without a predictable future. It was almost unheard of in my generation of orthodontists to consider working for a salary or in a clinic environment. Starting a practice from scratch was a confident and enjoyable endeavor. Many young orthodontists do not feel that way. This younger generation has a more moderate and realistic goal of what they can achieve given their burdens. Some also have an impatience for success and/or ample expendable income. This shows up as me first, me most, me number one. Just as there are many who want to test the entrepreneurial waters, there are just as many who are unwilling to threaten their future working themselves out of a mountain of debt.

8. Societal factors

As society becomes pervaded with insurance and managed care, there is a sense that everybody should be taken care of by big brother. Although society wants superb care, it is not willing (or able) to pay for it. People are thirsting for that elusive entity, value. Orthodontics will not be spared this mind-set. Orthodontists have been immensely successful by being able to communicate

the value they bring to the patient. I often advise orthodontists who desire fee-for-service and want to be competitive to focus on their patients' perceptions of value and quality. Consumers who don't understand the difference will inevitably be swayed by economy. As society changes its awareness of health care delivery systems, orthodontics is bound to be caught in the web. To the extent that society does not perceive value, managed care will flourish. **Remember, if society demands managed care in this arena, most of us are bound to feel its impetus.** In addition, there is a lot of money to be made by the purveyors of managed care. Profit is the driving force of free enterprise.

9. Decline in Integrity

Orthodontics has become a marketing game. We don't like to give any of our patients "the bad news"-- you do need to wear a headgear, you do need to wear your elastics, you do need to brush your teeth. Patients often seek the orthodontist who will make their life the easiest and who asks the least of them. The infusion of mothers into the workplace and latchkey children (perhaps a negative side-effect of women's liberation) has eroded the traditional monitor of the child's activities. In order to be competitive, orthodontists are shooting themselves in the proverbial foot. When patients can dictate treatment and we are telling them half-truths with little or no consequence, the quality that we all profess to is compromised. We have brought this on ourselves and it will ultimately impugn our integrity and bring valid criticism from our dental colleagues.

Perspective: If the patient already knows what their treatment will be before they ever arrive in your office it is orthodontics by rote. ("If you go there, everybody gets an expansion appliance,""If you go over here, you get a Herbst appliance," "If you go there, they extract or if you go over there, they don't.") If every patient who walks through our doors is readied for early treatment, something is ascue. This is not differential diagnosis. It's not even therapeutic diagnosis. **This is appeasing diagnosis and in time it can blur the lines that distinguish orthodontics as a specialty.**

10. Permissiveness - Declining Values

A paradox exists that is quite troublesome. As we become more marketing oriented (giving people what they want, rather than what they need), patients are becoming less responsible. Of course, we still have many accommodating patients in our practice but there are also many who have less respect, put in less earnest effort and are, in general, less compliant. However, the orthodontist is still responsible for delivering quality results.

This goes to the psychological heart of the controversy about whether or not we have the ability to motivate unmotivated individuals. Our teachers often recognize this paradox. Parents want a better educated child but don't demand the sacrifices necessary to achieve this goal. Something has to give. Quite often, when we need the patient to focus on their own behalf, they are apathetic. Orthodontists everywhere are feeling this phenomenon. Empty commitments and increasing permissiveness in our society will ultimately force us to change the way we practice orthodontics and compromises in quality will be unavoidable.

11. Increasing Overhead - Stagnating Fees

It would be a leap of faith to build a Taj Mahal orthodontic office in today's unsettled orthodontic climate. Most recent data indicates that orthodontic fees have stabilized, profitability is declining, and overhead is creeping ever upward. Whether the cause of fee stagnation is the perception of competition or fear of managed care, I do not know. The end result, however, I do know: less net profit. Many of us are overstaffed, underefficient and without budget. We have not learned the basic principles of business management. This has not mattered as much in the past, because there has always been an excess. As we get pinched in a declining spiral of profitability, the practice on the downside of the growth curve will suffer badly. We are using projected funds to keep our bloated ship afloat, and this will not work for long. A commitment to high overhead has compromised many a bottom line. Downsizing is tough. Efficiency counts when you have a growing patient base, but it counts most when you don't.

Perspective: Fees have not increased in real terms in this country for more than five years. In many areas, fees have actually been reduced. Subliminally we're already trying to compete with managed care. As we read about, see and feel this assault on our profession, it is understandable that we would try to compete with the HMO. However, there is no competing with the HMO. It has, in effect, already conceded quality of service. In most cases, however, I would rather the patient have an HMO level of quality instead of no treatment at all. We've got to find a way to fill the void.

12. Antiquated Fee Structures

Most orthodontists think that a set fee-for-service is as old as orthodontics. That is not true. At a time when it took two and one-half hours to do the strap-up by pinching every band, it was appropriate to charge a large initial fee to cover the orthodontists' start-up costs. Fifty years ago, the

set-fee was uncommon. It was mostly an open-ended fee. Orthodontists were not really sure how much they could accomplish in a fixed time frame. Quite often they would go as far as they could and then simply remove the appliances. As orthodontics as an art and science improved, we became more adept at predicting time and results; the set-fee became the standard. However, the concept of the large initial payment remained as a remnant of this system. In truth, it doesn't really make much difference how you get paid, as long as you do. No-money-down or flexible financing packages have the potential to bring many new patients into orthodontics but have been largely ignored by orthodontists who insist on a rigid fee structure. That has changed somewhat in the recent past but it is still a large part of our fee-presentation habits. We must make orthodontics affordable, beginning to end. Incidentally, "affordable" does not mean lowering fees.

13. As Dentistry Goes, So Goes Much of Orthodontics

Whether we like it or not, we are inextricably bound to our colleagues in general dentistry. As they cobble together to form groups or join HMOs, they will need to refer to those of their same intention. Dentists in HMOs will refer to orthodontists in HMOs. Dentists who espouse fee-for-service will refer to orthodontists who do the same. Those battle lines are being drawn. It is natural and fitting that most will not cross party lines and it is something, quite frankly, over which we have little control. Watch general dentistry and the direction it takes very closely, because it will mold your destiny. Much as we might like, we will never be able to completely do away with our dependence on general dentists and specialist colleagues for referrals. Orthodontic practices where less than 50% of the referrals are from the general dentist are in decline.

Perspective: Recently, I attended a local dental hygiene society meeting and got to listen to those who work in HMOs. They had very interesting comments about this form of dentistry. It was even more interesting because many hygienists work in both the HMO and fee-for-service environments. Most hygienists felt that patients in HMOs are much more demanding and intolerant than the typical fee-for-service patient. Perhaps this is because they know that if they don't complain or aren't demanding, less service might result. There is constant antagonism between patient, doctor, and staff. It is very common for patients to move from HMO dentist to HMO dentist, never really satisfied with their care. The HMO hygienists are taught to divert their eyes from the patient (to reduce the time of treatment and questions about service), to not report caries, and to basically ignore any recall system. All this is contrary to the basic human needs of caring, compassion and communication.

14. Denial

I'm no different from anybody else: I essentially paid no attention to managed care until it darkened my door. Over the past two years, I've had many patients leave my practice as the family became engaged in an HMO that covered orthodontic services. I have even had many of these families call my office to ask me for a recommendation of an orthodontist that is on their plan. Ouch!

Perspective: For many years I have preached the doctrine of fee-for-service to my patients. I have steeped them with the concept that "you get what you pay for." "There is no free lunch." (See attached 'Price vs. Value') My staff helps me sell this concept and I know they believe in it, as do I. But when it comes to selecting a health plan (although they were given all the choices), guess what most of my staff selected? That's right, an HMO. When I asked them how there could be such a dichotomy of thinking, they stated,"We're sorry, Dr. Hilgers, that is all we can afford. We'll just have to take our chances, and, anyway, some of the HMOs are O.K." It all has to fit into the budget. **Just because someone can understand the value of something, it doesn't necessarily mean it is economically accessible. Most people understand the value and quality of a Mercedes, but most are also driving a Geo.**

Trends start on the coasts and meet in the middle of the country. If you think this trend will skip you (that it's only for the crazy Californians), you are in denial. Of course, many older orthodontists feel they can slide through without it affecting them much. That may be true (although the changes in medicine came faster than anyone could ever imagine). Managed care may ultimately mutate into a form that is more acceptable to both doctors and patients alike, but I would not like to be a 40 year-old- orthodontist with a growing practice trying to decide what my future might be.

Perspective: Every now and then I will hear an orthodontist say, "I had patients leave for an HMO and they came back when they saw what the service was like." That is true. When that happens, it validates fee-for-service and quality. Unfortunately, that does not start to address the patients who never got to our office in the first place. It's like skewed statistics. One patient tells us about the perils of going to an HMO and we think we're winning. The other patients, the ones we never hear from, go elsewhere. They are beyond our grasp and we never had the chance to influence their choices.

15. Lack of Objectivity About Treatment

We orthodontists are still in the dark ages about what really works and what is most efficient in orthodontics. We have been brought up through a series of belief systems that are based on a **guru mentality.** That is, we rely on the clinical results of those charismatic individuals in orthodontics who advocate one approach or another and deftly demonstrate its value.

Perspective: I can't think of a better example of treatment subjectivity than the differing opinions about one-or-two phase therapy. Our lecturers speak ad nauseum about the advantages of preventive versus definitive care, yet I have not seen one credible piece of work defining what is right - what is really best for the patient and the least invasive. We really only hear subjective editorializing. We never get a broad spectrum view - we see a few successful results that are supposed to prove a particular point. We must admit, however, the answer to this conundrum has enormous financial impact on us and the patient. We've really never had the financial wherewithal to determine what is the most appropriate and cost effective treatment. **We can convince ourselves that something is right if there is a positive economic outcome or if it is beneficial in some way to us.**

We need these people because they are so innovative, but it is very ego-oriented and restrictive. Because most technical advances are made by product supply companies, a clear view of what is really efficient and works best is biased by the sales objectives of the company. I am not impugning this reality, as it has allowed us to make great strides in technology driven by these companies' resources. Yet, we have to realize that it is not real objective research in most cases. They, as we, have a marketing agenda. We tend to fall into groups of influence (we're Tweed, Begg, Ricketts, Alexander or Roth orthodontists) and quite often become doormats to a particular mentality. In my view, that is changing due to advances in technology. **In the future, we will be more alike than we are different, more synergistic and convergent than disparate.**

16. Trends in Therapy

Let's face it: nonextraction treatment makes orthodontics much easier. Less need to worry about those pesky space-closure, root-paralleling, incisor torquing, and retentive problems that are part and parcel of extraction treatment. The current trend toward nonextraction (some would say a fanatical and "one trick pony" trend) has one unusual side effect. In general, it makes orthodontics more facile. It also generally requires fewer appointments and is thus more economically fertile. Fees do not escalate as orthodontics becomes easier. They stagnate and in some cases recede. **Because of this current trend in orthodontics, economic profitability will be tied more to overhead than to treatment regimen.** I am not saying this trend is right or wrong. It is what it is, but it plays right into the hands of managed care. When individuals are treated as just that, individuals, forcing nonextraction therapy **at all costs** will be a thing of the past. Fees and treatment regimen will be more appropriate to the problem and once again we will be treating patients as we would treat our own children.