



MODERN DENTISTRY in the NEWS

New Study Finds DSOs More Cost-Effective Than Independent Dentists

Analysis by Key Reagan Economic Advisor Underscores Value of DSOs to Texas Consumers

A new analysis of state reimbursement claims data by key Reagan Administration economic advisor, Arthur Laffer, spotlights how Dental Service Organizations (DSOs) in Texas are enhancing access to quality dental care – and doing so at a price point that makes them especially attractive as consumers are increasingly aware of their options in the dental care marketplace.

■ The analysis notes that through group buying power, electronic medical records, centralization and the use of dental best practices, DSOs create efficiencies that allow dentists to provide the high quality, cost-effective care that increasing numbers of consumers demand.

■ While the study was completed to help refute erroneous charges that DSOs engage in the overuse of high-reimbursement Medicaid-financed dental procedures, the data reveals that DSOs are actually the more conservative providers of such high-reimbursement procedures – which included tooth extraction, placement of crowns and pulpotomies (removal of infected pulp in a tooth).

■ In fact, DSO dentists charge, on average, approximately \$225 less than non-DSO dentists, and perform fewer procedures per patient than the average dental office.

Average Charge Per Patient in Texas



■ While the average DSO patient had about 10 procedures performed, an average non-DSO patient had more than 12 procedures.

■ Further, the charge per patient in DSOs averaged \$483.89 at DSO-supported dental offices, compared with \$711.54 for patients in other types of dental practices.

■ Laffer said the bottom line to the study is that the DSO model enables the provision of dental services at a lower cost to consumers of all income levels by taking advantage of economies of scale.

■ Concludes Laffer: “Competition, new business models, and increased services are good things. As consumers and taxpayers, we should embrace innovation.”

Provider	No. of TPIs*	Total procedures per patient	Cost per patient per year	Cost per procedure
DSO dentists	298	10.15	\$483.89	\$47.69
Non-DSO dentists	3281	12.39	\$711.54	\$57.41
Non-DSO dentists general	2790	11.38	\$611.18	\$53.72

*TPIs = Texas provider identifier numbers. Data courtesy of Laffer Associates.

Laffer’s study was sponsored by Kool Smiles, and the findings are based upon analyzing publicly available data of 25.9 million Medicaid procedures performed in Texas in 2011. Full study available at <http://www.pacificresearch.org/publications/economist-finds-dental-service-organizations-dsos-more-cost-effective-than-average-independent-dentists>