

# Time for change

**With the economy firmly in the grips of recession, Richard George believes the inevitable medium-term outcome will be increased polarisation between NHS and private practice**

As recently as November 2008 the consensus within the dental profession was that March 2009 would see a conversion stampede similar to that of three years ago. Although a lot of dentists had mentally taken the decision to leave the NHS in April, many of these choices were made in the relatively calm economic waters of last summer. Once plunged into the rough seas of credit crunch reality, many dentists decided they were better off with the relative security offered by their PCT contract. Few were willing to chance their arm in a private market, reliant on the whims of the general public who, of course, are facing economic pressures of their own and who are consequently also risk averse.

## Change of heart

The recessionary factors that caused this change of heart by so many GDPs will also be responsible for the hammer blow that is about to hit the NHS in the face of what the all-party Treasury Committee describe as 'the dire state of the nation's finances'.

Even if the next government is of a different colour, the die has been cast and the poisoned chalice – that is likely to be inherited by the Conservatives – will provide a daunting challenge. The Conservatives are obliged to 'shrink the state'; not only because of party doctrine, but also out of practical necessity in response to the parlous state of the public finances. Although healthcare itself

will no doubt continue to rank high on the political agenda, in a world post ring-fencing and with limited NHS budgets it is difficult to see how dentistry can successfully compete for additional funding against cancer care, heart disease and diabetes prevention.

In 1999, when Tony Blair announced his vision for easy access to NHS dentistry for all, there was an immediate strain between the desire for access and the ability to pay for it. This problem was further compounded by the 2006 contract, which far from increasing access actually led to its dramatic fall, with the NHS Information Centre reporting in November 2008 that more than a million fewer adults and 200,000 fewer children had been able to access NHS dentistry since the 2006 reforms.

A key reality is that almost all dental practices are in fact private businesses. Some have many customers; their private patients, and others put their faith in a single major customer; the NHS. In this latter scenario the single major customer – the PCT commissioning dental services – will over time be able to dictate the price for the service it is buying and ultimately drive prices lower, and hence it is an undeniable fact that real UDA values will fall across the country in the coming years. This in turn will lead to an increasing polarisation of the dental profession, with PCTs, now firmly in the driving seat, encouraging dentists to provide low-cost 'base line' treatment – perhaps led by the establishing of polyclinics – this being in stark contrast to private practices providing high quality personalised dental care.

So, what are the options and priorities for dental practices? Whatever blend of NHS and private provision you provide, the necessity to take a tight grip on your practice finances is vital. Understanding the vagaries of monthly management accounts has taken on renewed significance in order to develop a sense of predictability and any mechanism to improve forecasting, cashflow and bottom line profitability is welcome.

Private practitioners need to grasp the nettle now, not only to attract new patients but to take care of those they already have. Part of this is making sure patients return for routine appointments; the single, most important, element in ensuring your practice is well placed when recovery arrives.

If you continue to see patients you can continue to

recommend treatment plans and even if current uptake has slowed, it will return eventually. If you lose these patients now, it will be very hard to get them back at any price.

## Dental plans

As CEO of a dental plan administrator, you would expect me to be positive about the role dental plans can play in easing this situation, but also as an accountant I have no doubt that dental plans can form a pivotal part of a successful practice business plan. For fee-per-item practices, membership plans provide a sense of loyalty and belonging, and maintenance plans clearly offer patients an ability to budget for dental care and ensure that routine visits do not fall victim to an increased sense of economic prudence. The financial predictability offered by such schemes is a valuable asset and, because the patient also receives excellent dental accident and emergency cover, the benefits do not stop there. The knowledge of a set income, even before you open your doors on the first day of the month, offers a sense of security that is welcome in such challenging times.

Without doubt there are challenging times ahead and dentists need to be aware that the status quo that has existed in some form or other for the last 20 years is nearing an end. NHS dentistry, as we know it, is unlikely to survive the inevitable cuts in public funding, and PCTs will increasingly come under pressure to provide services in a more efficient way. Established private practices will find themselves operating in an increasingly competitive market and must recognise that differentiation will be key. It will no longer be sustainable for private dentists to deliver a higher cost version of what actually amounts to little more than the traditional NHS model.

Charles Darwin rightly said: 'It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change.' Now is the time for the dental profession to embrace this concept, placing itself in a position where it can respond quickly and effectively to external threats and internal challenges. Dentists must start to offer patients genuine solutions – both clinical and financial – and open their minds to the opportunities that exist to help make their practices thrive, whatever the market conditions.



Richard George joined DPAS in 2006 as finance and IT director, and was appointed chief executive in 2007. He qualified as a chartered accountant and corporate treasurer with Price Waterhouse and went on to specialise in finance and strategic IT. For more information on DPAS' range of practice-branded plans, please call 01747 870910 or email: [enquiries@dpas.co.uk](mailto:enquiries@dpas.co.uk)

