

Recession Depression

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It first became evident in August 2008. We started having more gaps in the appointment schedule. We had been anticipating a slowdown due to the bobsled ride the stock market was experiencing. But the kind of drop-off we felt was unanticipated. After the dot-com bubble burst in 2000, we had a 12- to 18-month reprieve. At that time, many of our newly unemployed patients had severance packages and some continued insurance coverage that attenuated a steep decline in demand for appointments. During the present economic downturn, we have a lot more discretionary time a lot sooner than we expected.

Realization of this recession was communicated at first in a tentative manner. By October, colleagues were quietly asking, “Are you having a slowdown in your office?” Everyone seemed to be looking for reassurance. The problem was not isolated to one office. Other practices were feeling the effect of the global economic uncertainty. It made me think back over the ups and downs our practice had experienced. How is this episode the same, and how is it different?

While in dental school, we heard about the “busyness” problem.¹ Dentists in private practice were experiencing a decrease in demand for services. They were not “busy” enough. The number of graduating dentists was increasing every year. The peak occurred in 1983. That year, a record 5,736 dentists graduated from a total of 60 institutions in the United States.²⁻⁴

Establishing a new practice required additional revenue derived from a second job, working for someone else part time. In my fourth year, one lecturer told us how we should engage the dentist when we were interviewing for positions. He suggested we ask to see the appointment



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book and comment on what a thriving practice he had. (Practices booking appointments a week or two out could surely use an associate, in his opinion.)

This was the mid-'80s; interest rates had inflated above 14 percent for conventional mortgages. My dental school loans totaled fewer than \$25,000. Real estate price inflation seemed out of control. Good associate positions were hard to find, and there were few positions available in public health in the Bay Area. My vantage point during the '80s was that of a new graduate. I was at the first stage of career building. It was all new, expensive, and uncertain.

By 1991, increasing oil prices, unemployment, and the aftermath of the savings and loan crisis produced another recession. The economic downturn became real for us when patients began to relocate to other parts of the country for work. By 1993, the number of dental graduates bottomed out at 3,778. The next year, 1994, the number of dental programs dropped to 54, the fewest since 1971.²⁻⁴ My vantage point for the '90s recession was that of the practitioner starting and developing a practice. I was at the second stage of career building. Real estate prices had declined somewhat, and mortgage interest rates edged below double digits. The recession provided the opportunity to purchase a building to house our practice. The situation was no longer new, but it

was still expensive and uncertain.

With the turn of the century, came the dot-com boom and bust. On March 10, 2000, the NASDAQ peaked over 5,000. By October 2002, the dot-com bust had lost more than \$5 trillion in market value for IT companies. My vantage point for this recession was that of the practitioner with an established practice and a suddenly anemic investment portfolio. I was at the third stage of career building: enrichment. Our patient pool again experienced a wave of emigration. This time the newly unemployed were relocating to the southeast — South Carolina, Georgia, and Florida — for work. The situation was not as new, not as expensive, but still very uncertain.

The present economic downturn has produced record low interest rates and a housing market as deflated as a fallen soufflé. We have witnessed a massive deleveraging of our economy. There may be opportunities to be had, but for many of us, it has been an ineluctable, cold, and treacherous slide downhill to the present recession/depression. My vantage point for this recession should be stage 4, that of the practitioner looking forward to the prospect of a happy retirement. Instead, I find myself entering a fifth stage of career building: grumpy realization that retirement has receded out of view.

What does it look like from a different vantage? If you are a new graduate, at stage

1 in your career, you have between \$150,000 and \$250,000 of student debt. The number of graduating dentists has been on the rise since 1996. In 2007, the number of dental school graduates reached 4,796. (That was the largest graduating class since 1986.) The 2007 ratio of applicants to first-year enrollment was 2.88. That is the highest recorded ratio.²⁻⁴ Competition for admission to dental school and competition in the professional arena have increased.

If you are a stage 2 dentist growing your practice, you may see higher prices as inventories are reduced and as credit tightens, loans may become more difficult to obtain. If you are a stage 3 dentist who had a healthy portfolio 12 months ago, and

you did not tailor your investments to asset preservation, then you have seen your assets decrease by 35 percent to 50 percent.

From every vantage point, today's dentist surveys an economic landscape strewn with obstacles and potholes. Today's dentist surveys an appointment schedule with more gaps or with appointments no more than a week or two out. Those practices experiencing their best production months ever may still see a disappointing increase in the number of accounts sent out to collection. Times are tough, and it looks as though we are still on a downward trajectory.

No matter what the economic roller-coaster feels like, dentistry is still a good

profession to be in. Despite variations in the rate of unemployment, the net income of independent general practitioners has continued to increase over time.⁵ We are members of a respected profession. We have the privilege of providing hands-on care to improve our patients' lives every day.

Now is the time to make use of your membership in CDA and ADA and explore all the benefits available. Invest in your practice. Use the array of support and development tools your membership makes accessible. Information is available according to your career stage, tailored to your needs at different points in your career. Our organizations are partners in our practices.

No matter how much more open space I see weeks ahead on the schedule, I do not feel the same degree of uncertainty that haunts some of my patients. They do not know whether or not there will be a desk for them at work tomorrow.

Finally, invest your time in your family, friends, and community. No matter where we are in an economic cycle, they are what make living worthwhile. ■■■■

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