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the editor's corner

And They Don't Blush

The Federal Trade Commission is a stern adversary. Thus, in commissioning a study of health care delivery trends since 1977, it was not sufficient to seek an overview of the three areas selected for study; a second goal was "to identify various factors impeding their growth for possible investigation by the FTC staff". Did the FTC want to know if the public was well served by advertising, retailing, and franchising? Apparently not.

Well, a report was duly issued entitled "Entrepreneurial Trends in Health Care Delivery: The Development of Retail Dentistry and Freestanding Ambulatory Services". "Freestanding ambulatory services" relate to medical facilities. The report started out by stating that dentists began to encounter financial difficulties in the 1970s largely because of a great increase in the number of dentists due to the availability of federal funds through capitation grants. That's like saying that someone was knocked out because of the availability of a fist in the vicinity of his jaw. The plain truth is that the federal government was under the impression that there was going to be a shortage of dentists, and it mandated the increased number of dental students in the undergraduate and graduate programs as quid pro quo for the capitation grant money.

The report then admits that many recent graduates, ridden by debt for their education, and unable to raise the money to open an office, had to go to work for HMOs, retail dental clinics, etc. Practicing dentists, meanwhile, experienced problems with busyness in spite of the fact that more than 90 million people are covered by some form of dental insurance. This combination has resulted in an increase in marketing efforts by dental societies, and by individual and group practices through advertising.

The chief advertisers are the retail dental centers located in shopping centers and in drug,

EDITOR'S CORNER

GROWTH OF IN-STORE GENERAL DENTAL CENTERS

Year	In-Store Centers ¹		
	Opened	Closed	Total
1977	4	0	4
1978	13	0	17
1979	23	0	40
1980	22	3	59
1981	33	7	85
May 1982 ²	11	6	90

Notes

1. Excluded from the list are limited service facilities such as hygiene or denture centers. Also excluded are freestanding centers in shopping malls or plazas.
2. Included in the May 1982 totals are four Zayre stores with scheduled opening dates on or before April 30, 1982.

Sources

1. Years 1977-1981, *Dental Group News*, demographic supplement to *Dental Products Report*, September 1981.
2. May 1982 figures derived from following sources: (a) Marilyn Stapleton, Senior Editor, *Dental Products Report*; (b) Robert Hankin, Ph.D., Urban Systems Research and Engineering, Inc., Boston, Massachusetts; and (c) telephone survey of selected stores by Joan B. Trauner and Joy O. Robinson, Institute for Health Policy Studies, University of California, San Francisco.

(From *Entrepreneurial Trends in Health Care Delivery*, 1982.)

discount, and department stores. Location in retail settings was not new. The difference is that since 1977, when the U.S. Supreme Court handed down the famous or infamous Bates decision, advertising by professionals has been permissible. As of May 1982, there were 90 retail dental centers in the U.S. (see chart), with more than half in New York (15), Florida (13), California (11), and New Jersey (8).

The present trend is away from the in-store facilities and toward separate offices in the same shopping centers. This may have been brought on by the stores themselves—charging high rent or a percentage of gross, relegating the dental clinic to some remote section of the store, or suddenly deciding to close a store, leaving the dentist high and dry after a considerable investment.

The offices are designed much like any traditional offices. What is not traditional about retail dentistry is the marketing. In lower income areas it is based on expanded hours, advertising, high volume, and competitive fees. These offices lean toward advertised specials, introductory offers, discount coupons, loudspeaker announcements, and package stuffers—marketing efforts of retail businesses. In middle-class areas, the retailers emphasize quality, convenience, play rooms, and TV in every operatory. In areas where workers do not have much dental in-

surance coverage, there is a lot of price advertising. In areas where workers have high wages and a good deal of dental insurance coverage, there is little or no price advertising; the emphasis is on out-of-pocket costs.

With most state laws banning lay ownership of a dental facility, there appear to be only two instances of corporate ownership of retail dental facilities—Searle Optical in Florida and IPCO Corporation in Maryland—although most in-store facilities have an intermediary management company between the store and the dentist. Franchisors operate both in-store and in separate facilities. Initial license fees range from \$20,000 to \$50,000, and the initial investment in the office can range from \$150,000 to \$700,000. Additional fees are for a monthly advertising charge (maximum \$1500-2000 per month) or, more often, a percentage of gross (2-6%). As of May 1982, there were eight franchise programs—Dental Works, Inc. (New York), Dental World Center, Inc. (New York), DentCare (New York), Nu-Dimensions (New Jersey), Omnidentrix Systems Corporation (Massachusetts), Dental Enterprises, Inc. (Illinois), Retail Dental Centers, Inc. (Minnesota), and AmeriCare (Arizona). These programs are not necessarily confined to their states of origin, and there are indications of greatly expanded efforts by

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