

Contract Considerations

Dental Associate Contract and Salary Negotiation Considerations

Before you commit to an associate position it is important to understand the terms of the employment contract. A well written contract should provide clarity and assurance to both the new associate and the employer, and must address various criteria to ensure that your interests and investments are protected. Consider the following:

Employee (W2) or Independent Contractor (1099)

Whether you're an employee or an independent contractor will make a difference in how you're paid and how your employment taxes are filed. If you are an employee your employer will account for your employment tax and you will see a tax deduction in your paycheck on a regular basis. If you are an independent contractor you will be responsible for paying your own employment tax and must meet certain criteria to qualify. (i.e. provide your own assistant, provide your own materials, etc.)

Salary vs. Commission

Associates typically prefer to be paid based on percentage of production, though most practices pay commission on money collected. Associates feel that basing pay on production accounts for the actual work that is being done while Practice Owners feel pay on commission encourages Associates to get clear consent when presenting treatment plans to ensure that payment is received.

Payment

As mentioned above, most practices prefer to pay their associates a percentage of collected funds from the associate's work. The nationwide average is 32-35% of collections but the rate varies depending on location, the procedures being performed, and the method of patient payment. For associates who are paid a percentage based on production, the national average rate is 32%.

When you are paid can depend on how long it takes for an insurance company to compensate for services performed. Since this delay can be problematic at the start for a new Associate, some Practice owners will offer a guaranteed salary.

Patient Volume

Practices vary in size and reputation. These factors will influence your initial work volume and how patients are assigned to you. It is wise to clarify how many other Associates work in the practice, how patients are delegated, and what expectations there are for you to recruit new clientele.

Resources:

ETS Dental Dentist Contract Negotiations-Compensation Considerations:
<http://www.etsdental.com/articles/dentist-contract.html>

ASDA: What is a Dental Associateship?
<http://www.asdanet.org/postdoc/associateship.aspx>

Sample Associate Contract:
<http://bphc.hrsa.gov/archive/technicalassistance/resourcecenter/managementandfinance/dentalcontract.pdf>

Materials and Lab Fees

The most common solution is for the associate to cover a proportion of the total lab bill equal to the percentage of collections/productions that they receive as compensation. For instance, if an associate receives 35% of collections, he or she should expect to pay 35% of the lab bill.

Support Staff

Will the office provide you with an assistant and/or hygienist or will you need to recruit your own. Also, is there a front desk staff available to assist with appointment scheduling and billing?

Vacation and Time Off

It is important to understand your employer's policy and philosophy on vacation and paid time off. You might also inquire about their maternity/paternity leave policies, short and long term disability, etc.

Insurance

There are several types of insurance that you will need to be covered under: Liability/Malpractice, Disability, Life, Health, etc. Some employers may provide insurance coverage as part of your compensation package while others may offer an insurance stipend. You might also be expected to purchase insurance using your income.

Additional Benefits

As a way to incentivize employees employers will offer additional benefits. Examples of these additional benefits include: Professional Memberships, Contribution to 401K, Tuition reimbursement for Continuing Education.

Additional Considerations

It is important to review the contract carefully and to note any stipulations around the length and renewal of the contract and the timeframe for terminating the contract. It is also important to note any non-complete or solicitation clauses since this can impact your long term plans.

Information adapted from:

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