

## Dentists: Smiling in the Face of Recession

By [Sean Gregory](#) Thursday, Feb. 19, 2009



Chris Meier / Corbis

The one guy is 63, just lost his job at a health insurer, and is afraid he'll never find another one. The other has three kids, one in college, and lost his construction job. The stress caused them to grind their canines and molars. So they each wound up in the office of Dr. Woody Oakes, a dentist from New Albany, Ind., with a fractured tooth. "You do see that — someone lost their job, and they come in with their jaws clenched," says Oakes, who is also editor of the *Profitable Dentist* magazine. "You can fracture your teeth when you do that."

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There's at least one profession for which the recession might not bite: dentistry. According to Sageworks, a firm that tracks private-company financial performance, dentists' offices had higher profit margins than any other industry in 2008. With average profit margins at 17%, dentistry outpaced accounting, tax preparation, bookkeeping and payroll services, legal services and mining support services among the top five performing professions in '08. Dental margins rose about 1.5% from 2007, according to Sageworks. ([Read "25 People to Blame for the Financial Crisis."](#))

What could be keeping dentistry strong during this recession? Sure, tooth-grinding and nervous eating habits — I'm going to chomp on chocolate as an escape — may be driving traffic to the drill. But economic forces are more likely to be responsible. Dentists note that patients who receive limited or no insurance tend to skip cleanings and other dental maintenance during tough times as they look to save a few bucks. But dentists pick up even more revenue later on. Patients who've [skipped checkups](#) now have achy teeth and have no choice but to undergo a more expensive procedure. "It's human nature to say, 'I can't afford that right now, and if it doesn't hurt, I don't have a problem,'" says Dr. Lawrence Spindel, a dentist in New York City. "Then all of a sudden you need a root canal."

At the same time, insured patients want to hit the chair while they're still lucky enough to have the insurance. "We're seeing that a lot of folks are fearful of losing their jobs," says Rick Willeford, founder and president of the Academy of Dental CPAs, whose members provide accounting and tax-prep work for some 7,000 dentists across the country. "So they want to use their benefits. That has helped keep revenues strong." Spindel, who had his best year ever in 2008, says last spring he saw a "miniboomlet" in these types of cases. "People know that if they're going to lose their job, they damn well better use their dental insurance," Spindel says. "They say, 'Do as much as you can do, and you need to do it within 30 days!'"

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You would think cosmetic dentistry would completely collapse during a recession. Who wants to part with thousands of dollars just to look good? But some evidence suggests that this business is still healthy. For example, sales of Snap-on Smile, a cosmetic device that snaps over your teeth, rose 22.2% in the fourth quarter of '08 compared with the third quarter. December sales were 62% higher than those in October. The device costs between \$2,500 and \$4,000 for a full-mouth restoration, a much cheaper alternative than restorative veneers, which can cost \$30,000 to \$50,000. Snap-on Smile CEO Adam Cotumaccio has heard feedback that some patients buy the product for very practical purposes. "In this job market, you want to feel good, you want to look good going into an interview," says Cotumaccio. Plus, people are still spending money on big-ticket dentistry. Dr. Cary Ganz, a dentist from Garden City, N.Y., has done several \$50,000-to-\$60,000 procedures this year. "It has amazed me," says Ganz, who also reports having his best year ever. "Regardless of the economy, people still have the need to take care of themselves."

Dentistry is not pain-free. Willeford reports an overall fourth-quarter slowdown among the Academy of Dental CPAs' clients. These dentists serve patients across a broad socioeconomic spectrum. "We're seeing a lot more open appointment books through March," says Willeford. "If people keep losing jobs, we're going to edge off a cliff." Dr. Roger Levin, CEO of the Levin Group, a dental-management consultancy, is also very cautious. "Traditionally, it takes six to 12 months for economic trends to affect dental practice," he says. "The full impact of the downturn may be yet to come."

Dentists should still stay warily optimistic, however. "People think, Rather than lose all this money in the market," says Ganz, "I might as well put it my mouth."

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