

MedThree Insures Dental Clinics

February 16, 2022

A heated debate currently rages regarding the "over-saturation" of dentists in Canada. In some jurisdictions, especially in large urban centres like Toronto, Montreal, and Vancouver, there are more dentists per capita than ever before.

As a result of the "over-concentration" of dentists in urban areas, successful dental practices are increasingly being put up for sale in bidding wars. In fact, since the cost of opening a new practice can cost more than \$600,000, many young dentists prefer to purchase an existing practice with a steady flow of patients. (1)

The resale value of dental practices is also affected by regional factors. Outside of major cities, dental practices have a much lower resale value, thus there is a greater need for new dentists to form groups.

Dentistry's tightening market suggests that dental practices need to operate as efficiently as possible, even if it means joining forces with colleagues in group practices to share the high costs of equipment and other practice-related expenses.

Dentists should ensure that their insurance coverage will protect their business operations as healthcare changes. This article takes a high-level look at the dental clinic industry and examines the unique exposures that this industry presents.

A Snapshot of Canadian Dental Clinics

Although dentistry may seem like a straightforward, self-explanatory profession, it is in fact a very diverse industry. A dental professional can be a dentist, dental hygienist, denturologist, orthodontist, periodontist, dental surgeon, or dental therapist.

The focus of dental clinics goes beyond the health of your teeth and gums. Their main objective is to prevent and treat disease in the same manner as general and specialty healthcare practitioners.

In spite of their small size, dental offices are multidisciplinary environments. Dentists, dental specialists, dental assistants, and dental hygienists are part of a team that uses all dental equipment and tools in the clinic.

How are Dental Services Financed in Canada?

Oral health care occupies a relatively unique position in the Canadian health care system. Every province recognizes some dental care as medically necessary and targets oral health care resources to marginalized groups, using varied health and social services provision methods. The federal government covers a portion or all of oral health care costs for veterans, refugees and eligible indigenous individuals. Canadians are generally responsible for funding their own dental care and typically do so in the following four ways:

- Third-party dental insurance (employment-related dental coverage)
- Private dental insurance (not related to employment),
- Out-of-pocket, and
- Government-subsidized programs.

In 2015, Canadians spent \$13.6 billion on dental services. The private sector accounted for \$12.7 billion (93.8%) of total spending, while the public sector accounted for \$846 million (6.2%). In 2015, the total health care expenditures in Canada were estimated at \$219.2 billion, which means dental expenses accounted for about 6.2% of all health care expenditures. Health care expenditures in the private sector in 2015 were estimated at \$64.2 billion, with dental services accounting for one-fifth of the total. (2)

Private health insurance plays a crucial role in providing dental care in Canada. About 60% of all private dental costs are borne by private insurance companies, while 40% are directly borne by the patient. Per capita, Canadians spent \$378.60 on dental services (compared to \$959 on drugs and \$946 on physician services). The private per capita expenditure on dental services was \$355, and the public per capita expenditure was \$23.60. (2)

Insurance Risks Facing Dental Facilities

Dental clinics need coverage for their building, dental and office equipment, furniture, fixtures, and any personal property. Supplies, equipment, and the physical structure of a dental clinic could be damaged, stolen, or destroyed. Moreover, certain perils can result in costly repair bills, lost income, and legal expenses.

In addition to being complex and expensive, dental equipment is also essential to patient care. If improperly maintained, dental equipment could fail. As careful as clinic staff may be, there is always the risk of a mishap leading to property damage.

Apart from patients, dental facilities may also be exposed through hired staff, such as cleaning staff, who may be trusted to clean the dental office after hours. There is

always a risk of property theft or accidental damage, even when these hired staff are trusted to work with integrity.

Owners and managers of dental clinics are faced with many stressors associated with running their own business. Because of this, they cannot afford to have their operations hampered by unforeseen events or issues.

The MedThree Advantage

If you are a broker looking for tailored coverage and advice for clients in the dental community, MedThree Insurance can help. Our deep expertise in underwriting Canada's healthcare sector makes it easy for brokers to find the right coverage their clients need to safeguard their dental clinics.

Visit our website to learn more about our tailored insurance products.

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Sources:

1. <https://www.cda-adc.ca/en/services/internationallytrained/economic/>
2. <https://www.cda-adc.ca/stateoforalhealth/servicescanada/>