

THE EDITOR'S CORNER

The Orthodontic Generation Gap

As I mentioned in last month's Editor's Corner, one of the most salient findings of the 2002 JCO Study of Orthodontic Diagnosis and Treatment Procedures was the "graying" of the profession. Based on our figures and on a variety of other sources, it is safe to say that a relatively large proportion of the orthodontists currently practicing will retire in the next decade. Indeed, it appears that the number of retiring orthodontists will exceed the number of orthodontic residents and graduate students completing their training each year for some time to come.

It seems as though this would be an ideal time for a young graduate to choose from among a number of possible practice opportunities. As I take a look at the students I've trained over the last decade, however, only a handful have found suitable full-time practice opportunities waiting for them upon graduation. Sad to say, most have had to take multiple part-time jobs, some in general dentistry or outside dentistry altogether. Many have had to accept positions in large dental clinics or with managed-care organizations. In fact, of the six students who graduated from my program last spring, only one had a full-time position immediately after graduation, and he was in the Air Force.

Every week we get inquiries from orthodontists who want to sell their practices and retire or move on to something else. Our "Opportunities" bulletin board in the residents' lounge is full of letters and flyers from such practices. It is rare for me to attend a professional meeting without someone asking me if I have "anybody good who's looking for a practice". My answer is invariably an enthusiastic "yes!" Not only are several of them "good", but most of these graduates are outstanding clinicians who would bring pride and profit to any practice they could acquire. Yet when I put my students on the trail of such inquiries, 99 times out of 100 the effort proves fruitless. If so many senior practitioners are ready for a transition and so many graduates are ready to enter practice, what is the problem?

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Like most of the world's problems, this one has an underlying economic cause. My students report that the senior practitioners they talk to about selling their practices usually want the students to pay for those practices outright, either with their own funds or with outside financing. Therein lies the rub. Most young graduates simply do not *have* any money. On the contrary, most are deep in debt. While students here at the University of Southern California have it a little tougher financially than most, they provide a fair indication of the current trend in student indebtedness. My average student has close to \$200,000 (that's two hundred thousand dollars!) in student debt on graduation. The only students I've had recently who accumulated no debt were career military dentists who went back for specialty training at the government's expense or foreign students who came from *big* old-world family money. The rest are faced with a crippling financial load that, in some cases, greatly exceeds the cost of even a starter house. Needless to say, banks and commercial lenders are unwilling to extend practice purchase loans to young doctors with such financial liabilities, even though they are otherwise excellent credit risks: professionals with high earning potential, outstanding personal characteristics, exemplary health-consciousness, and so on.

The profession is faced with an extreme generation gap. Things have never been easy for young graduates, but many of the practitioners who are now getting ready to retire graduated into the much friendlier financial climate of 30 or 40 years ago. Few had student debt in excess of \$25,000; many had none at all. Commercial lenders were more willing to extend credit based on the promise of a young doctor's future earnings, and the restrictions imposed by governmental regulations were far less intimidating. It is sometimes difficult for senior doctors who have done well over the years as a result of their own hard work and personal fiscal responsibility to recognize that today's young graduates have worked just as hard and are every bit as fiscally responsible, but are faced with a situation that is far different from what existed in the past.

What's to be done? I do not pretend to have all the answers, but I do have some suggestions. First of all, the profession *must* find a way to reduce the crippling debt load facing today's students. More and more of the country's graduate

programs are affiliating with teaching hospitals so that their graduate students can become hospital residents. That makes the new residents eligible for the Medicare Graduate Medical Education funding program, which pays them a salary during their training period, for as long as 24 months. Although these funds help considerably, many programs still do not have such affiliations; and like most government programs, this one depends on the rather tenuous proposition of continued federal support.

Several people I've talked to have suggested that practitioners within 10 years of retirement might consider providing at least some financial support to an orthodontic graduate student. Since I personally have three kids in college right now, the thought of helping to send somebody else's kid through an orthodontic graduate program hit me like a karate kick to the solar plexus. But after I pondered this suggestion for a bit, it began to make a lot of sense. By supporting a student through a graduate program, a senior practitioner could have a hand in the education and development of his or her own successor (read: "buyer"). It might not be a bad idea for the schools to develop semiformal programs along these lines.

Another, and perhaps more appealing, alternative would be for more senior practitioners to provide seller financing for their practices. Over the years, I have attended a number of seminars that preach about how orthodontists who want to sell their practices can make them more attractive to young buyers by purchasing new equipment, sprucing up the office design, or hiring younger staff members. This is all well and good, but in the final analysis, what makes a practice attractive to young buyers is its ability to provide them with a livable income after servicing their debt load (both student debt and debt incurred through purchase of the practice). If it can't do that, it doesn't matter how new the equipment is or how personable the staff.

The specialty has to find a way for retiring orthodontists to receive fair prices for their practices while those same practices continue to provide a comfortable living for their young purchasers. Resolving this dilemma will take a good deal of creativity on the part of the profession, but the old answers are not working. Perhaps if we open up a full discussion of this problem, we can solve it together. RGK