

TOTAL ECONOMIC IMPACT
OF DENTISTS:
OVER **\$200 BILLION**



WHAT IS THE ECONOMIC IMPACT OF THE PROVISION OF DENTAL SERVICES ON THE NATION'S ECONOMY? WHAT IS THE ECONOMIC IMPACT OF THE ADDITION OF ONE DENTIST'S OFFICE?

While economic impact is made in the same locality as a dentist's office, the impact is not confined to this locality. For example, materials from outside local economies are purchased by dentists, businesses that sell to the dentists' offices, and other firms and industries affected by the economic activity stemming from the dentists' offices. The influence of any economic activity commonly spreads beyond a local economy. The total impact of dentistry can also be broken down at the industry level and, thus, industries that are most affected by this spending stream can be identified. The American Dental Association commissioned a study to be conducted by leading economists in order to measure the economic impact of dentists. Major findings from the study are presented in this brochure.



TABLE 1: IMPACT OF THE PROVISION OF DENTAL SERVICES ON THE NATION'S ECONOMY, BY TYPE OF IMPACT, 2000

DIRECT IMPACT	\$ 70,438,797,312 (34.6% of total impact)	Dentist revenue in the year 2000 is the direct impact because this revenue is either distributed as expenses by the dentist office or as profit.
INDIRECT IMPACT	\$ 32,885,350,184 (16.1% of total impact)	This is the measure of the expenditures by firms that supplied goods and services to dentist offices.
INDUCED IMPACT	\$100,309,017,488 (49.3% of total impact)	This is the additional benefit to the economy due to the extra spending resulting from those receiving income from the dentist offices and from those supplying goods and services to the dental sector.

TOTAL ECONOMIC IMPACT \$203,633,167,248

TOTAL ECONOMIC IMPACT OF

TYPES OF ECONOMIC IMPACT

For dentists, the direct, indirect, and induced effects are defined as follows:

DIRECT EFFECTS–

The total revenue of dental offices, which is also the direct expenditures by the dental offices. These direct expenditures include the purchases of supplies, wages and salaries paid, and the value added, which includes the profit of the dental practices and the taxes paid.

INDIRECT EFFECTS–

Purchases of inputs made by firms that are supplying goods and services to the dental offices.

INDUCED EFFECTS–

Benefits to the economy as the result of increased income and spending by people who work in dental offices and those who supply goods and services to dental offices.

TOTAL EFFECTS–

The sum of the direct, indirect, and induced effects.

TABLE 2: IMPACT OF THE PROVISION OF DENTAL SERVICES ON THE NATION'S ECONOMY, BY INDUSTRY TYPE, 2000

Dentists	\$ 74,063,134,720
Services	\$ 35,536,613,376
Finance, Insurance, Real Estate	\$ 29,089,851,392
Manufacturing	\$ 24,705,718,272
Trade	\$ 17,962,901,504
Transportation, Communications, Pipelines, Utilities	\$ 12,985,928,704
Government	\$ 3,205,868,288
Construction	\$ 2,189,623,552
Agriculture	\$ 2,101,851,648
Mining	\$ 1,650,572,672
Other	\$ 141,103,120

TOTAL

\$203,633,167,248

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TABLE 3: ECONOMIC IMPACT OF ONE ADDITIONAL DENTIST'S OFFICE ON THE NATION'S ECONOMY, BY TYPE OF IMPACT, 2000

DIRECT IMPACT	\$ 442,161 (34.6% of total impact)
INDIRECT IMPACT	\$ 206,429 (16.1% of total impact)
INDUCED IMPACT	\$ 629,663 (49.3% of total impact)
TOTAL ECONOMIC IMPACT	\$1,278,253

Within the context of this study, the impact of dentistry was also determined for various key economic variables, such as employment. The direct impact on employment (including all personnel employed by dentists) totaled 713,334 jobs. However, as shown in Table 4, the total employment attributable to dentistry—once the indirect and induced impacts are accounted for—is 2,056,568 jobs.

TABLE 4: IMPACT OF THE PROVISION OF DENTAL SERVICES ON THE NATION'S EMPLOYMENT, BY TYPE OF IMPACT, 2000

DIRECT IMPACT	713,334
INDIRECT IMPACT	311,384
INDUCED IMPACT	1,031,850
TOTAL ECONOMIC IMPACT	2,056,568

METHODOLOGY

In order to measure the economic impact of the provision of additional dental services, a well-known and accepted methodology in Economics known as Input-Output analysis—often referred to as an Input-Output model—was used. These models describe the interrelationships between—among other things—businesses, government, households, and exports from and imports to a region. A region can be defined to be a nation, or it can be defined to be a much smaller area, such as a county. The interrelationships in the Input-Output models identify, for any particular industry, where all inputs come from and where industry output goes. The particular combination of industry data used in the model is defined and grouped by the federal government.

CONCLUSION

These analyses demonstrate that dentist offices provide substantial benefits. These benefits accrue not only to local economies in which the dentists are located, but they also accrue to the national economy in the form of increased incomes and employment. Specifically, the benefits consist of additional income generated to other businesses as dental workers spend their incomes, as workers supplying goods and services to dentist offices spend their incomes, and as governments spend the tax money collected from the additional income.

For a more in-depth and technical version of these results, please refer to the full report—entitled Economic Impact of Dentists—available from the ADA's Health Policy Resources Center (HPRC). The report can be obtained by calling 312-440-2568.

The price of the report is:

- \$35 for ADA members
- \$52.50 for Non-members
- \$105 for commercial entities