

HIRING AN ASSOCIATE DENTIST: A GUIDE

You've worked hard to build a dental practice you're proud of. Your schedule is packed and your bottom line is strong, but what's next? Could it be time to hire a new associate? Whether you're currently searching for the right candidate or are in the middle of onboarding, our experts have tips to make the process painless for everyone involved.

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WHAT EVERY DENTAL PRACTICE OWNER FEARS THEIR ASSOCIATE WILL DISCOVER

Associateships sound great on paper, but making them succeed can be a challenge. Here are three steps to use as a guide.

DAVID R. RICE, DDS



In addition to being the chief editor at *DentistryIQ*, I'm a practice owner and was an associate in a former life. So, what is it that dental practice owners fear associates will figure out? That most associateships fail. Knowing this, I'm here to give you a three-step recipe on how your practice can be different.

1. Before you bring on an associate, spend some time defining how that associate can win. In your eyes, what are the elements required to be successful when it comes to patient care, team harmony, and finances?

2. Help your associate understand the rules.

To win, your new associate must do the right things consistently and avoid doing the wrong things. Make sure you communicate the rights and the wrongs.

3. Just as you defined what it takes to win and lose, you should plan a 15-minute weekly meeting with your new associate for the first 90 days.

Three months; that's proper onboarding. During that time, talk about your wins, your associate's wins, and your team wins.

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Talk about potential areas for improvement and things the associate may be struggling with. This is your opportunity to professionally assess, calibrate, and consistently elevate your associate's performance. Here's the danger—not scheduling those 15 minutes and just believing that they're going to miraculously happen week-in and week-out.

I've seen two things happen hundreds of times in hundreds of practices when we don't actually schedule weekly meetings for that first 90-day period. The first thing is that the meetings just don't happen. We get busy, the owner needs to go home early. The associate comes in a little late, somebody's sick, a patient has an emergency, and suddenly we run out of time and miss a week, then two. By the time we miss three weeks, we're out of the habit and we don't even try anymore. The second thing is that when you lose focus and don't have regular meetings, when you do sit down for a meeting, the associate tends to think they've done something wrong. Then instead of reviewing all the positives and the associate using that feedback to improve, they're so worried about the meeting that nothing productive happens.

So, if you're a practice owner and you have a new associate or are looking to bring one on, keep in mind the three steps outlined here. Define the win, set the rules, and schedule weekly 15-minute meetings for 90 days. I hope this helps you as much as it's helped my practice and the hundreds of practices we've brought this lesson to!



Founder of the nation's largest student and new-dentist community, igniteDDS, **David R. Rice, DDS**, travels the world speaking, writing, and connecting today's top young dentists

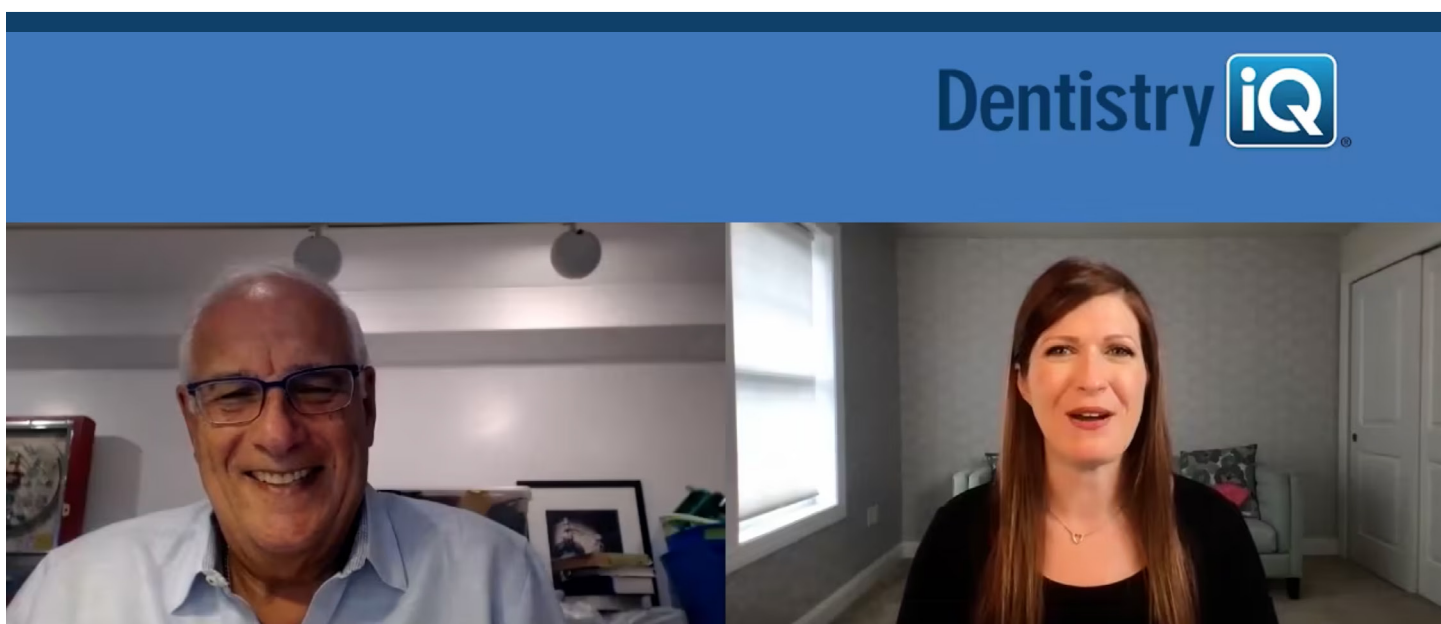
with tomorrow's most successful dental practices. He is the editorial director of DentistryIQ and leads a team-centered restorative and implant practice in East Amherst, New York. With 27 years of practice in the books, Dr. Rice is trained at the Pankey Institute, the Dawson Academy, Spear Education, and most prolifically at the school of hard knocks. Contact him at drice@endeavorb2b.com.

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SUCCESS IN 7 MINUTES: WHAT YOU NEED TO KNOW ABOUT DENTAL ASSOCIATE COMPENSATION

Drs. Howard Glazer and Pamela Maragliano-Muniz give insights into their experiences with dental associate compensation and other benefits.

PAMELA MARAGLIANO-MUNIZ, DMD, AND HOWARD S. GLAZER, DDS, FAGD



Dr. Glazer and I receive many questions from fellow practice owners and new associates alike on the topic of dental associate compensation, so let's talk about it! In previous episodes of Success in 7 Minutes, we've covered associate agreements and how to identify the right person, but what constitutes fair compensation? What kinds of

packages should practice owners provide? And how does [continuing education](#) fit in?

In this discussion, Dr. Howard Glazer gives insights into the arrangements he makes for dental associate compensation and other benefits, while I share my experiences as an associate prior to owning my own practice.

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Dr. Pamela Maragliano-Muniz: So, we have our work cut out for us today. We received so many emails and we need to spend time talking about associate compensation. We've previously talked about associate agreements, bringing in an associate, and how to identify the right person for your practice. You've now been fortunate enough to find that person, but I'm still on the hunt. However, once practice owners find the right person for the job, how do we compensate them? What kind of packages do we provide our associates?

Dr. Howard Glazer: You have to be fair. New associates are professionals, just like we are professionals—more seasoned, if you will—but they're colleagues and we need to treat them as such. It needs to be a fair and equitable arrangement. For example, I offer 40%, and that's across the board. So, 40% of collection, and then 40% of the lab bill.

I pay 60%, the associate pays 40%, because I think you need to have skin in the game. I have done other arrangements where it has been 40%, but somebody was interested in potentially buying the practice. So, of the 40%, we kept 15% toward equity so that when the time came, they had a chunk of money that I had already banked for them and they had to go to the bank for less. Turns out, that never transpired.

I have others where I've seen where they get paid either a per diem or a percentage, whichever is greater, and never an average. Don't ever do that. Whether you're the doctor or you're the new hire, you want a firm amount. So, it's either I get a certain dollar amount or a certain percentage—it's an either/or, whichever is to the hirer's advantage.

Dr. MM: I want to go back a second because you mentioned that somebody had 15% equity and then that didn't work out. Did you have to give them that 15% as a payout when all was said and done?

Dr. G: The way it was structured, if I remember correctly, they got back 10%. They got back everything but 5% of the equity.

Dr. MM: That's definitely something that needs to be originally agreed upon.

Dr. G: Everything has got to be upfront.

Dr. MM: I've never employed an associate. I am looking for one, but I don't have one. But I've been an associate in a bunch of different places, and I've had different compensation arrangements. I've had base plus an average, 40% collections, 40% production; regarding lab from 0% to 100% taken out before my compensation. The opportunities for employee or associate compensation are limitless as long as it's mutually agreed upon. Do you offer any other benefits to your associate other than just their pay?

Dr. G: Yes. And before I comment on that, you said you got paid monthly. I would rather pay twice a month. The reason for that is because, realistically, their debt load is huge. Somebody coming out of dental school has a lot of obligations. I would rather get the money in their hands as fast as I can than make them wait a month. Some people delay it, even going back a month.

I mean, it's just you work, you earn, you're entitled. That's what I think. The only other thing that we give presently is vacation. You're entitled to, one week after six months, and a week after that you can take time off. And if you're only an associate, your vacation is all unpaid. The reason I did that is there's no free lunch. I mean, otherwise I'm working twice as hard when they're on vacation.

If I'm out, it's my practice, that's my prerogative. So I take less. But I think that's reasonable. Most associates will not work the required number of hours to qualify for your pension plan. It's usually a minimum of 1,000 hours or something, depending on how you have them structured. A lot of them are going

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to be part-time. There's no independent contractor in my office. Everybody gets paid as a salaried employee and they get taxes taken out, social security, the whole nine yards.

Dr. MM: That's interesting, because I think every associate position I've had, with the exception of maybe one, I was an independent contractor.

Dr. G: In some states, they don't look favorably upon independent contractors, at least in their professions. But I've never done that. I think you are in the system, you pay into the system.

To be honest, I think it helps associates manage their money. Because when you're getting \$1,000, when you should have been getting hypothetically \$650, and all of a sudden tax time comes around and you have to come up with more on top of all the other debt, you're in trouble. Always check with your accountant as to how they feel it should work.

Dr. MM: I think so too. What about CE?

Dr. G: That's an interesting one. I have invited my associates in the past to CE and I paid for it. My philosophy is, I'm building the future, whether it's with me or not. Dental school is not the end of education, as you and I well know. That needs to continue, and I'm trying to plant those seeds. That doesn't mean they go off to Hawaii for a course, but if I'm taking something relatively local. Even with the Hawaii example, maybe I'd pay the tuition, they have to pay their way. Everything's negotiable, but relatively local education, I'll pay for.

Dr. MM: I can say I've never had CE paid for as an associate, with the exception of one time where the office I was working wanted me to be in charge of clear aligners in the practice. We split the bill for my education in getting clear aligners.

I think what we're seeing here is that there's really no clear answer as to how to compensate your employees. What's important is that you have a

formal agreement drawn up that's mutually agreed upon, probably with the help of an attorney. Asking around and seeing different types of payment structures and finding what is most comfortable for you is a good idea.

I think we gave people some reasonable advice based off of our experience, but there are a lot of options out there. What do you think?

Dr. G: I agree. But one of the biggest options we need to discuss going forward is that there's the associate who's treating it as "just a job," and then there's the associate who's looking to take over the practice. And that brings up a whole other range of things that need to be looked at in terms of, at what point do you determine the purchase price? At what point do you include other benefits? It's a little different kind of a hire than just somebody to help take the load off in your office.

Dr. MM: That's a great point. Well, maybe this is foreshadowing for another installment, but thank you for those of you who reached out and said, "Hey, what about compensation plans?" Please always feel free to email me or Howard and we will absolutely have a conversation about anything you want or need.

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Email Dr. Maragliano-Muniz at pmuniz@endeavorb2b.com to discuss or to suggest a topic for future installments of Success in 7 Minutes.

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He lectures frequently on the subjects of dental materials, cosmetic dentistry, forensic dentistry, and patient management.

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4 KEY FINANCIAL PRIORITIES FOR NEW ASSOCIATE DENTISTS

It's hard to make sense of the financial landscape when you're just starting out and paying off loans. Hire the experts who can help you start down the right path.

TESS ZIGO, MAS, CFP, CPA



Six years ago, I was working in corporate finance when my sister called me crying. Luckily, they were tears of joy. She had been interviewing at dental schools across the US and had gotten her first acceptance at Midwestern University, a 10-minute drive from our newly remodeled townhome.

My sister had already earned her MBA and had decided to pursue a career in medicine, which meant investing another two years studying premed and passing the DAT exam, only to embark on another four years of dental school! I was happy for her but also mortified because her dental loans would be higher than my mortgage.

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What I didn't understand at the time is that going to dental school is one of the best investments someone can make in their future. Not only are dentists among the highest paid professionals year over year, but dentistry is one of the "best professions" according to many news articles. Dentists can control their schedules, and if you enjoy serving people and helping them improve their oral health, dentistry's a win-win.

The reality for many new dentists who try to navigate both their busy career and personal finances is that they become overwhelmed, and this can lead to procrastination on important financial decisions. Thanks to the internet, financial information is abundant, but financial wisdom is knowing what applies to you and when to act on it.

Then there's the time factor. We all have 24 hours a day, so trying to do all things, and well, is tempting. You've heard the saying, "A jack of all trades is a master of none." Many dentists love managing their personal finances, but they forget to factor in what their time is worth. How many hours do you spend on your finances, and what is each hour worth? It's not uncommon to spend 10 to 20 hours a year on your financial plan. If your hour is worth \$200, that time costs you between \$2,000 and \$4,000 per year. What would you do with the hours you can save by hiring a financial planner?

If you're a new associate, you're probably overwhelmed with student loans. The dentists I work with typically have upward of \$200,000 in loans. They're just beginning to make money and figure out how to manage all their conflicting priorities.

Here's a look at four financial priorities of new associates.

1. COMPARING EMPLOYMENT OFFERS

At some point you must choose between employment offers. There are many factors to consider, from total compensation package (salary,

bonus, W-2 match, health insurance, and other perks) to other qualitative factors (the commute, the location, the office culture). As a new associate you might be tempted to look only at the dollars and cents. As someone who has worked four corporate jobs, I urge you to look at the quality-of-life factors; trust me, it's not just about the money.

Another factor to consider is whether you'll be an employee (W-2) or a 1099 contractor. A W-2 usually comes with employee benefits (disability insurance, 401(k), health insurance) versus a 1099 where you're basically a contractor, so you must get benefits on your own and you'll pay more self-employment tax. As a 1099, you'll most likely need to seek a CPA to help with your taxes.

Whichever route you choose, get a written contract! When I investigated one of my former dentist client's pay stubs, we found a 20% discrepancy between his agreed-upon base salary and his actual paychecks. Since he had no contract, there wasn't much he could do about it.

2. PAYING OFF STUDENT LOAN DEBT

The default standard debt repayment plan is what most graduates end up with, and this plan will have you pay off the loan in full over 10 years. Although this can be a good option for dentists who have a manageable student loan balance, live at home, or have low living expenses, this is the highest payment option. I am not a big fan of paying off loans as quickly as possible if the student loan to income ratio is more than 2:1. The reason for this is that you also need to enjoy life, and many income-driven plans (REPAYE and PAYE) with forgiveness at the end of the period make more sense in today's dollars.

It's not a one-size-fits-all strategy, so seeking advice for repaying your student loans in conjunction with any other life goals makes sense. My sister

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graduated with student loans two times her income, so we set her up on REPAYE to start. But as things have changed, she will now be on track to pay those off within five to 10 years, depending on what happens with the administration and the current federal forbearance.

3. ENJOYING YOUR NEW SALARY

You have to acknowledge and celebrate all your hard work to get to this point. Becoming a dentist is no easy feat, and enjoying your new income is something you deserve to do. I often see dentists who are so ingrained in “college student frugality” that they have a hard time splurging on anything nice, from replacing their junker car to leasing a nicer apartment. I say life is short and you deserve to spend some money on things that bring you joy, within reason.

4. MAKING SENSE OF ALL THE FINANCIAL ADVICE

Which brings me to my last point! Managing your money and being smart and responsible is very important. Many of you have spent many years in school and are starting your investing journey in your 30s. Because time and the amount you invest are the two biggest determinants of building sizeable wealth, it’s important that you take advantage of your high income and time to start building wealth.

You will surely encounter many insurance agents with agendas. Recognize that there is a difference between a certified financial planner who has education and experience and is held to a fiduciary standard (meaning must act in your best interest) and other advisors and insurance agents.

Get started early. Start with understanding your employee benefits and how to use those to your advantage. Create a rough budget to understand where your money is going. Think about any future goals that you have and plan how to save and invest

for those. Make sure you’re building a solid credit score to help with keeping insurance costs down and qualifying for low interest rates on future loans. Surround yourself with friends and colleagues who talk about money management, and then seek assistance when you’re ready.



Tess Zigo, MAS, CFP, CPA, is a financial advisor with LPL Financial. She explains, “My sister is a dentist. She graduated with six figures in student loans, and I was determined to help her pay off the loans and make the most of her new income. She started working as a dentist in her mid 30s and therefore had some ground to make up when it came to investing. She was my motivation to work with dentists.”

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TRANSITIONS ROUNDTABLE: WHAT'S A FAIR COMPENSATION PACKAGE FOR A GENERAL DENTIST ASSOCIATE?

What's a fair offer for a new general dentist associate these days? Two industry experts take on this always-timely topic.

ALLEN M. SCHIFF, CPA, CFE, AND CHRIS SALIERNO, DDS



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QUESTION:
What's a fair compensation package for a general dentist associate these days? I also hear different things about restrictive covenants being potentially illegal or unenforceable. Should I still look to put one in place?

Allen Schiff, CFE, CPA

In today's world, each market is different. So, your market may be a little different from what I have identified below.

At the Academy of Dental CPAs (www.adcpa.org), we're constantly discussing this topic. Based on my

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knowledge coupled with these discussions, general dentist associates today are compensated using any of the following formulas:

- percentage of net collections
- percentage of net production
- annual fixed compensation
- other (combination formula)

Here's a breakdown of each of these formulas.

PERCENTAGE OF NET COLLECTIONS

You could offer an associate compensation based on a percentage of net collections. The actual percentage will vary; some are at 35% of net collections; some could be at 33% or 30% of net collections. If you offer less than 35%, in order to justify such, you should take into consideration the lab fees the practice will pay on behalf of the associate.

PERCENTAGE OF NET PRODUCTION

Net production takes into consideration the insurance write-offs, senior citizen discounts, friends and family discounts, and related professional write-offs. I usually see 25% as the percentage used here. It must be less than the percentage of net collections because it doesn't take into consideration the bad debts or accounts receivable write-offs that may occur.

FIXED ANNUAL COMPENSATION

You should consider this approach based on the expectations of the new dental school graduate. Depending on your market, you should be in the neighborhood of \$125,000 to \$150,000 annually. I would refer to this as base compensation. In addition to *base compensation*, I would also consider adding a paragraph to the employment agreement as *incentive compensation*, which would be addition to the base compensation. By doing so, you will incentivize the associate to meet targeted monthly/annual goals as set out by the practice.

COMBINATION COMPENSATION FORMULA

You may want to consider this combination formula when you have an associate who is highly trained in procedures you are currently referring out. An example of these procedures would be endo (simple), orthodontics using clear aligners and extractions (simple), etc. If this is the case, I would consider compensating the associate on one of the three methodologies as listed and adding to that the "specialty procedures" your office has identified, and compensate the associate for performing these professional services. After all, prior to hiring this associate, these procedures were referred out and not kept within your practice.

A NOTE ON RESTRICTIVE COVENANTS

You might also hear different things about restrictive covenants being potentially illegal or unenforceable. If you're still looking to put one in place, consult with your dental-specific attorney as to whether one would be enforceable. As dental CPAs, we are trained to give accounting, practice management, and tax advice. We are also trained not to render a legal opinion or advice. We must respect this as the CPA profession is very clear on this matter. I do know from my experience that there are some markets that will support a restrictive covenant while there are some markets that won't. So again, I would seek out a dental-specific attorney to help you if this a concern for your market. I would definitely put a restrictive covenant in your associate employment agreement, if your market will allow it.

It's possible that you had no idea of the potential variations of compensation there may be available for a general dentist associate. I would highly encourage you to consult with a dental CPA or a dental-specific attorney. You want to be fair to the associate and also to yourself. Although the compensation arrangement can be complex, I would suggest you keep it as

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simple as possible so that both you and the associate understand it and can prosper from it. Good luck!

Chris Salierno, DDS

I like to think about compensation as a machine with several levers. When an employer and employee enter into a negotiation, they play with the levers until they reach a mutually agreeable solution. An associate wants a higher percentage of collections? We pull that lever up a bit and perhaps pull down commensurately on the lever for CE reimbursement. But we need to have a good idea of where to set these levers to begin with.

THE BASE/DRAW FORMULA

A traditional and commonly used formula for compensating a general dentist associate is a daily or hourly amount (base) with a bonus that makes them whole to a percentage of production or collection (draw).

For example, an associate would be paid a daily rate on a biweekly basis, with a monthly bonus that represents the difference between 33% of collections for that month and the base already paid. In essence, they are being paid 33% of collections but a portion of that is guaranteed and paid in advance.

This is a good starting point for negotiation. The details will depend on the rest of the compensation package you want to offer, i.e. how many other levers you would like to add. If you feel strongly that your associate should pay a portion of lab fees, you may need to consider raising to 35% of collections to remain competitive. If you are offering medical insurance and a generous annual budget for CE reimbursement, you may be able to offer closer to 30% of collections.

TARGET-BASED BONUSES

Another approach for compensation is to offer a base pay and to give bonuses on clearly defined targets. These targets might be tiers of production or collection, meaning that as the associate reaches higher tranches of financial performance, they are then rewarded with higher percentages of production or collection.

At Tend, we pay our associates a competitive salary and offer a range of benefits, including health insurance and retirement plans. Our bonus utilizes a Care Score concept a weighted formula that measures elements such as average daily production, patient satisfaction (Net Promoter Score), and performance of the entire practice. This allows us to celebrate achievement while maintaining our promise to patients that we do not incentivize overtreatment.

As for restrictive covenants, it is true that there are states that have strictly prohibited noncompete agreements and others that will simply not enforce them. Check with your attorney (preferably one with dental experience) before putting one into your contract.

Your compensation machine, with its various levers, should be as simple as possible. It shouldn't be overly complicated to figure out how to pay someone, for your sake and for your associate's. When you've finished adjusting your levers and have reached a negotiated agreement, run a few scenarios to ensure full understanding by everyone involved.

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Allen M. Schiff, CPA, CFE, is a founding member of the Academy of Dental CPAs. This group of very knowledgeable CPA firms specializes in practice management services for the dental industry. He

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PROSPER WITH PURPOSE: A NEW DENTIST'S GUIDE TO PROFITABILITY AND WELL-BEING

Start your career with your long-term physical and mental health in mind. That way you'll have a long and pain-free career.

AMRITA R. PATEL, DDS, FICD, FPFA, AND NATASHA HASSAM-SARWAR, DDS

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A career as a new dentist is a thrilling journey filled with the promise of professional accomplishment and contributing to the community's oral health. The traditional narrative often revolves around the goal of financial success,

overshadowing the equally essential consideration of personal well-being.

As a newly minted dentist, it's easy to get caught up in demanding schedules, patient expectations, and the desire to establish a lucrative practice. Yet,

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can you truly succeed in your professional endeavors without sacrificing your own physical, mental, and emotional health?

TAKE A HOLISTIC APPROACH

I believe dentists can be successful, without compromising their well-being, through a holistic and integrative approach. By incorporating ergonomics, technology, and mindfulness into the dental office, dentists can create sustainable and lucrative careers.

Ergonomics is the key to creating a long-lasting, pain-free, and productive career. Investing in ergonomic stools, instruments, and loupes to create a comfortable and physically supportive workspace minimizes the risk of musculoskeletal issues that are associated with prolonged periods of patient care.

The incorporation of ergonomic design not only addresses immediate physical concerns, but also contributes to long-term health. By mitigating the physical toll of repetitive tasks and prolonged periods of static posture, ergonomic improvements create a foundation for a sustainable and pain-free career. An ergonomic environment enhances focus and efficiency during patient care. By providing the necessary physical support, dentists can maintain peak performance, which results in increased productivity and profitability.

TECHNOLOGY ALSO PLAYS A ROLE

In addition to ergonomic improvements, technology helps optimize workflow efficiency. The integration of digital impressions and CAD/CAM technology streamlines treatment processes. This improves accuracy and efficiency while reducing chair time for patients, contributing to a more positive patient experience that can help grow the practice.

Comprehensive patient management software automates administrative tasks, which allows dentists to delegate responsibilities and focus on patient care. This minimizes the administrative burden and frees up time for dentists to engage in professional development and well-being practices.

Dentistry is not only physically demanding but emotionally demanding. Mindfulness practices are healthy coping mechanisms for the emotional demands. Techniques such as meditation and deep breathing can be integrated into the workday to provide dentists with tools to manage their stress and maintain emotional resilience. Establishing a culture that encourages regular breaks between patients allows the team to recuperate physically and mentally. These breaks are an opportunity to step away from the intensity of clinical work to promote a healthier work-life balance.

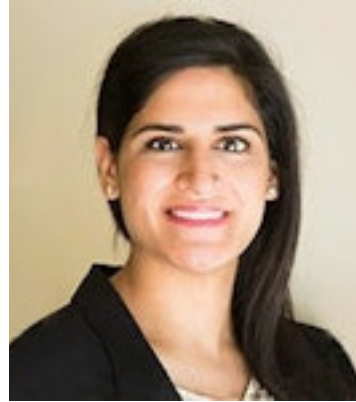
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Amrita R. Patel, DDS, FICD, FPFA, graduated from NYU College of Dentistry in 2011 and completed her residency at the Nassau University Medical Center. She is a general dentist in private practice with her father, endodontist Dr. Rohit Z. Patel, in Westchester County, New York. She chaired the New York State

Dental Association New Dentist Committee and served as the new dentist representative on the ADA’s Council on Dental Benefit Plans for 2020-21. She is also among the recipients of the 2021 ADA 10 Under 10 Awards.



Natasha Hassam-Sarwar, DDS, has a background in dentistry, ergonomics, and disability insurance. After a decade in clinical dentistry, musculoskeletal

pain and nerve injuries led her to a new role as a disability insurance agent and dental coach. Natasha is dedicated to helping dentists achieve success without compromising their health. Her perspective as a dentist and an ergonomist equips her to address the challenges in the profession. Her role as a disability insurance agent helps her provide support, ensuring dentists are financially protected in the face of unforeseen challenges.

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