



# Selling clinical dental scrap a complex process

By Dave Weinberg

Owner, Scientific Metals

ASI Approved Program

With gold and palladium prices still at historic highs, your dental scrap is worth more than ever.

That's right – that old jar tucked away in the back with old crowns and bridges is probably worth a lot more than you thought.

The perceived lack of complexity associated with old crowns and the notion the value of these crowns can be easily determined without professional smelting and assaying has opened the door to various options, such as in-office cash payments from independent brokers and refinery sales reps.

Indeed, the convenience of having someone stop by the office and immediately reimburse you with cash seems attractive on several levels. Even having a refinery rep stop by to pick up the scrap, weigh the scrap, package and send off the scrap with the promise of a check in the mail in the near future also may seem convenient and expedient. However, both of these options come at a steep cost.

## In-office cash payments will cost you

In the past, when the majority of clinical dental scrap was yellow gold with an approximate assay of 65 percent gold, or 16-karat, visually estimating the value of the crowns was a reasonably accepted practice. During this time, brokers or middlemen would drive around visiting offices and offer cash on the spot for the scrap. The broker would weigh the gold crown and be able to confidently estimate the value, knowing the yellow gold was in the 16-karat range.

However, the industry has seen dramatic changes in the metal composition of clinical scrap. Specifically, the dental industry has seen the emergence of porcelain fused to metal crowns and the steady move away from high noble alloys to more noble white alloys, such as palladium, and non-precious metals, such as nickel and chromium – the latter of which having made the in-office purchase of scrap a much more formidable task. Additionally, the increasing volatility of the precious metals markets only complicates the task for spot buyers.

As a result of these factors, clinical scrap must be valued with professional melting, sampling and assaying.

Put most simply, without melting and assaying the material, the broker can only visually estimate the scrap value based on how much yellow and white metals are present. Questions that muddy the water include: "Is this yellow crown 62 percent gold or 38 percent gold?" and "Is this white metal palladium at \$1,000 per ounce?" and "Is it non-precious and worthless nickel or chromium?"

Clinical scrap from oral and maxillofacial surgery offices presents another layer of uncertainty and complexity to the equation. This is because the presence of large amounts of tooth structure make weighing the scrap rather trivial as a large percentage of the total weight is not metal.

In order to account for the uncertainty of the metal content and the uncertainty of the net weight excluding the tooth, etc., the cash offer usually is very conservative. Dental offices and oral and maxillofacial surgery offices are leaving substantial money on the table.

It has been reported OMS offices may be receiving as little as 40 percent of the full value for their scrap. Dental offices are otherwise at the financial mercy of the broker, who may not come to the dentist's aid in the event any issue or dispute arises with regard to the dentist's scrap if the package is lost or does not get delivered to the refinery for any reason.

In sum, the only way to determine the composition of your metals is to have your lot melted and assayed for all four precious metals: gold, palladium, platinum and silver. We strongly believe the convenience of selling your office scrap for cash on the spot is not worth the accompanying risks. There is undoubtedly a superior way in every regard – a full professional melt and assay with a reputable refiner.

## What to look for in a refiner

So with all of that said, what should one look for in a refiner? Here are insights on the basic elements a professional and reputable refiner must possess in order to be trusted with your precious metal scrap and the critical difference between merely being reimbursed for your scrap and being accurately and fairly reimbursed.

*continued on next page*

### ■ **Shipping** – Reputable refiners should offer:

- Free shipping using an expedited shipping service such as FedEx or UPS.
- Transit insurance in case of loss and damage.
- Free shipping containers.
- Low or no minimum lot charges.

### ■ **Receiving and documentation** – Reputable refiners should:

- Provide email or telephonic confirmation the package has been received.
- Photograph, document and log the customer scrap lot in to the company system.
- Provide the customer with a time frame on settlement.

### ■ **Processing** – Reputable refiners should:

- Be able to melt and assay the scrap lot at the same premise.
- Have the proper specifications of furnaces required to melt all the precious metals, including palladium and platinum, which have higher melting temperatures.
- Have the knowledge and expertise needed to ensure a homogeneous melt using copper and other techniques.

### ■ **Assaying** – Reputable refiners should:

- Employ multiple methods of analysis that may include fire and chemical analysis, Inductive Coupled Plasma Spectrometry, Atomic Absorption Spectroscopy and X-Ray fluorescence.
- Be able to use non-destructive techniques that maintain the integrity of certain items.
- Be able to use either a pin sample or drillings for analysis.

### ■ **Settlement and reporting** – Reputable refiners should:

- Pay on all four precious metals: gold, platinum, palladium and silver.
- Include a refining report detailing how much scrap was received and how much of each element was recovered.
- Have a designated employee willing and able to answer any questions about the settlement and detail all the fees and charges.
- Offer flexible methods of payment, including check or bullion options.

Finally, a refiner should maintain the integrity of your processed metal until you have approved the settlement.



Refiners should only consolidate your scrap with other lots after your lot has been professionally sampled and assayed, and you have approved the settlement. You should be apprised at the outset what your options are if you do not approve or if you dispute the settlement. At your request, the refiner should have no issues with re-melting or re-sampling your lot.

And most importantly, the refiner should allow your material (processed or unprocessed) to be returned to you at no charge should you wish. In short, your material should be intact and not compromised until you consent to the settlement.

## Three tips to maximize your scrap return

■ **Trust and reputation** – By far, the No. 1 consideration in deciding which refiner to use is the trust factor. Unlike jewelry scrap, which has a stamp indicating the purity level, dental scrap is different in that the value of the material is unknown until after it is melted and assayed. This leaves room for error and, frankly, dishonesty.

That's why it's so important to work with a company you trust. Dental offices should ask their colleagues about their experiences with a particular refiner and look for genuine testimonials on the company's website. It is important testimonials be authenticated and contain other indicia of reliability.

Furthermore, just like when researching a hotel or restaurant, look for a refiner that has more than what may appear to be a few cherry-picked testimonials and instead look for specifics. The devil is in the details, as the saying goes. Yes, a general positive review can be informative and somewhat helpful, but specific details detailing why the refiner adds some value is even better.

■ **Business model of the refiner** – In reality, no matter how well-intentioned a company is, it will not and cannot be



competitive if the business model and company structure are inefficient.

By way of analogy, we saw retail establishments fail to compete with Walmart's lean business model and pricing strategies, and now we see the ever-growing dominance of Amazon as a result of its efficiencies and business model. The same principles apply to refining companies.

Like Amazon, look for a refining company that is well-positioned and streamlined to deliver the highest and most accurate reimbursement. Some companies will have more overhead and expenses than others and therefore may be incentivized to charge more in fees. The metal has a finite and hardened value not subject to interpretation. It is your job to find the company that is best able to accurately determine the value of your scrap in the most efficient and economical way.

How does one go about determining how efficient a refiner is? Some issues to consider:

- How many sales reps are involved and being compensated from your transaction?
- What percentage of your scrap return goes to sales commissions?
- Implications of extra sales reps? Recently, some dental supply companies have partnered with gold refining companies to offer scrap refining services. While this certainly provides an element of convenience, you must consider the implications of having an extra sales rep involved on your scrap return.

■ **Fees** – Solely relying on which company promotes the lowest refining fees may be the single biggest mistake a dental office can make. Avoid "blue sky" or teaser rates that seem too low, and try not to get preoccupied with the subtle differences

in yields and rate fee between refiners. Avoid time-sensitive promotions offering a cash bonus to send in scrap before a set date, and think twice about the unsolicited calls from gold buyers who tell you they will be in your area during the next week and offering a bonus if they can stop by the office.

Yes, in a perfect world where transparency and honesty were not issues, one could afford to solely choose a refiner based on fees, and cash bonuses would certainly be a nice addition on top of your accurate scrap return – not subtracted from your scrap return. But we do not live in that universe.

What matters most is what you get back after accounting for all fees, and the focus should always be on the net bottom-line return. Would you rather get charged 10 percent on a scrap value assessed at \$1,000, or get charged 5 percent on the same scrap lot but only assessed at \$600?

In this example, your net return is \$900 in the first option, but only \$570 in the second option – even though the fees were lower under the second option. Trust can only develop with consistent experience over time.

In short, it's time to stop selling the scrap at huge discounts for cash on the spot, and think twice before sending it to a refiner whose jar arrives unsolicited at your office most often.

It is time to ask questions, do your research and see which company is trusted and best-positioned to process and sample your scrap in the most economical and efficient way.

The bottom line is with gold and palladium prices at high levels, it's time dental offices shift away from viewing the scrap money as a small afterthought and start approaching it with the same due diligence one would undertake with any other financial consideration. ■



*This is number 160 in a series of articles on practice management and marketing for oral and maxillofacial surgeons developed under the auspices of the Committee on Practice Management and Professional Staff Development and AAOMS staff. Practice Management Notes from 2002 to present are available online at [AAOMS.org](http://AAOMS.org).*

*All articles in Practice Management Notes are published only with the consent of the authors, who have expressly warranted that their works are original and do not violate copyright or trademark laws. AAOMS is not responsible for any violations of copyright/trademark law on the part of these authors.*



Oral and maxillofacial surgeons:  
The experts in face, mouth and  
jaw surgery®



**AAOMS.org/Events**

**Saturday, April 21 – Sunday, April 22**  
**Atlanta, Ga.**

# 2018 Educational Weekend

Designed for OMSs, practice managers, implant coordinators, surgical assistants and coding professionals

## April 21

**Practice Management  
Stand-Alone Meeting:  
The Thriving  
Implant Practice**

Learn specific strategies to improve the public's perception of your practice, including how to institute multitier implant marketing systems to grow the practice.

This hands-on workshop reviews OMS-specific procedural coding, healthcare reform initiatives, audit tips, and reimbursement issues among other topics.

## April 21–22

**Beyond the Basics  
Coding Workshop**

**April 21–22  
Advanced Protocols  
for Medical  
Emergencies in the  
OMS office**

Offered only once a year, this course covers emergencies in the office setting that OMS assistants may encounter and helps prepare them to assist in an emergency.

