



Benesch DSO—Q1

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1. Dental Practice News

Analyst sees dental practice growth fueled by digital, group practices and alternative financing

Market analyst Zacks, in its outlook for the dental supplies industry, outlines three trends it expects to drive near-term growth in dental practices:

- **Digital Dentistry:** Latest technologies help dentists carry out procedures with precision and efficiency. The most recent digital systems help provide faster dental treatments and better predictability of results.
- **Increased Focus on Group Practices:** Dentists are increasingly choosing to operate in groups, sharing a common office space due to high debts related to dental school and rising operating costs. The group system also allows for easier approval of insurance coverage and better insurance payment rates.

continued on next page



1. Dental Practice News *(continued)*

- **Alternative Financing Options:** With many Americans grappling with financial issues when it comes to dental care, dental practitioners are developing financing options like customized payment plans and separate yearly rates. Companies in the dental industry are also developing packages that allow practitioners to cater to individual needs.

Nasdaq on January 18, 2019

Dentists rank patients' ability to pay, revenue as chief concerns

A national survey by Bankers Healthcare Group finds that 88% of dentists are worried about whether or not patients will be able to pay for procedures and treatment. Other concerns cited include practice revenue (86%), followed by managing practice finances, patient acquisition, and keeping up with advances in technology – all at 80%. The survey finds that dentists are looking to address those concerns in 2019, with 48% having already transitioned to electronic medical records, 31% currently expanding their marketing efforts, 30% having already purchased new equipment, and 29% upgrading office technology. It also finds that 24% expect to upgrade technology and purchase new equipment within the next year, mostly for x-ray machines (52%), operator chairs (30%), and scanners (24%). Results show that practice expansion was not an immediate priority for most dentists, with only 23% planning on investing in marketing.

Dentistry Today on November 5, 2018

Movement in several states related to licensing of dental therapists while PEW Charitable Trust expects more states to consider dental therapist bills in 2019, value-based purchasing to expand

The PEW Charitable Trust expects more states to consider establishing a midlevel dental care provider category, or dental therapist, in 2019 as part of efforts to expand access to oral health care, particularly for low-income or underserved people living in designated dentist shortage areas. PEW says states that expand Medicaid eligibility under the Affordable Care Act could also expand dental benefits. It points to trends such as integrating medical and dental care, value-based dental care and dental practice consolidation. It says more than 350,000 adults could get some dental coverage through Medicaid in 2019 as voters in several states approved ballot measures to expand Medicaid to low-income adults. Technical schools in some states are also expected to submit applications to the ADA's Commission on Dental Accreditation to accredit dental therapy training programs. PEW also expects industry consolidation to accelerate, along industry changes such as medical-dental integration and value-based purchasing.

The Pew Charitable Trusts on January 15, 2018

Related Developments

Florida coalition proposes legislation to allow for licensed dental therapists

The Daily Commercial on January 25, 2019

Washington lawmaker introduces bill to establish dental therapists

State of Reform on January 24, 2019

Michigan governor signs bill to license midlevel dental care providers

Crain's Detroit Business on December 30, 2018

More than one-third of independent dentists aspire to own private practice, study finds

A Bankers Healthcare Group survey of dental professionals, including practice owners and independent providers, finds that 35% of independent dentists would like to own a private practice. It also finds that two-thirds of dentists under the age of 35 are involved in an ownership transition model to obtain the practice they currently work at. Among dentists who want to own their own practice, 53% plan to take ownership in the next five years, while 28% predict ownership will happen within six to eight years. Among the most important things dentists are thinking about when transitioning to ownership are costs (72%), concerns about running a business (52%), effect on work/life balance (51%), student loan debt (35%), and not sure where to start (22%). Among dentists who said they want to remain independent, their reasons included being happy at their current employer (35%), financial implications (28%), too much responsibility (21%), current industry environment (19%), and previously owning and selling practice (19%).

Bankers Healthcare Group on January 22, 2019

ADA encourages dentists to avoid prescribing opioids to patients

The American Dental Association (ADA) commented that there's growing evidence to support its policy that dentists should prescribe non-steroidal anti-inflammatory drugs (NSAIDs) alone or in combination with acetaminophen over opioids as first-line therapy. The group has urged all of its members to "double down" on their efforts to avoid prescribing opioids. It points out that dentists wrote 18.1 million opioid prescriptions in 2017, down from 18.5 million in 2012. In early 2018, the ADA adopted a [policy](#) related to opioid prescribing by dentists for acute pain

American Dental Association on December 4, 2018

Dentists rank #4, orthodontists #5 on U.S. News '100 Best Jobs'

U.S. News & World Report released its [2019 Best Jobs](#) list, looking at jobs across 15 categories, including the best-paying jobs in sectors like business and technology. Dentists ranked as #4 on the list, while orthodontists tied with nurse anesthetist at #5. Additionally, dentists ranked #2 and orthodontists #3 on *U.S. News & World Report's* [Best Health Care Jobs](#) list. The ranking took into account data from the U.S. Bureau of Labor Statistics to identify jobs with the greatest hiring demand, 10-year growth volume, 10-year growth percentage, median salary, employment rate, future job prospects, stress level and work-life balance.

U.S. News & World Report on January 8, 2019

2. Dental Service Organization News

Cordental Group signs third affiliation agreement in St. Louis area

Cordental Group, a DSO portfolio company of private investment firm NMS Capital, entered into an affiliation with Mo.-based Boain Dental Care in Florissant (St. Louis). The affiliation is Cordental's third in the St. Louis market. Boain says it's looking forward to educating and mentoring Cordental dentists.

Cordental Group on January 10, 2019

PE-backed New England DSO makes moves to expand into orthodontics, Boston market

Affinity Dental Management, a DSO that practices across Massachusetts, Connecticut and Vermont, recently added orthodontics to its specialty platform and increased its general dentistry platform by expanding into the Boston market. It also added Rosenberg Orthodontics, which includes four orthodontic offices, to expand its reach in Connecticut. Affinity expects the number of dentists per capita to increase in the coming decades, which will lead to more competition within the industry. Currently supporting 26 general and specialty dental practices, over 180 employees, and 30 doctors, Affinity was recently acquired by MidOcean Partners, a middle market private equity firm focused on consumer and business services.

Group Dentistry Now on November 14, 2018

Pacific Dental Services opens 700th supported dental office

Pacific Dental Services (PDS) opened its 700th supported practice with the opening of West Lawrence Dentistry in Lawrence, Kansas. All PDS-supported dental offices provide patients dentistry, including CEREC CAD/CAM same-day crowns, scaling and root planing, restorations, extractions, and digital x-rays. Its practices also provide specialty services, such as Endodontics, Oral & Maxillofacial Surgery, Orthodontics, Periodontics, and Pediatric Dentistry.

Pacific Dental Services on January 3, 2019

Heartland Dental hires headhunting firm for Chief HR Officer search ahead of growth efforts

Heartland Dental retained the services of Hanold Associates for its search to hire a Chief Human Resources Officer (CHRO) at Heartland Dental offices in either St. Louis or Chicago. The CHRO will leave a team of five direct and up to 50 indirect reports. The DSO projects that its practice will grow from 1,300 doctors in 2018 to 5,000 doctors by 2025. In April 2018, KKR acquired a majority interest in Heartland Dental and entered into a refinancing package to boost the DSO's growth capacity. The transactions were valued at approximately \$3 billion.

Heartland Dental on November 1, 2018

Heartland Dental adds 11 supported offices across six states in November

Heartland Dental added 11 new offices across seven states either through affiliation or through new construction. The additions brought its network to more than 890 supported offices across 37 states nationwide. The November additions include offices in Colo., Ga., Fla., Kan., Ariz. and S.C. The additions brought the year-to-date total to 81 newly supported offices, including 47 additions through doctor affiliation and 34 new construction.

Heartland Dental on December 4, 2018

Heartland Dental reaches milestone of 900 supported office across 37 states

Heartland Dental surpassed its 900th supported office milestone through the opening of “De Novo” offices and affiliating with existing dental offices throughout the country. In 2018, the company increased its footprint to 37 states, with a network of more than 1,400 dental professionals.

Heartland Dental on December 17, 2018

Dental Care Alliance expands in Minnesota with two practice affiliations

Dental Care Alliance (DCA) added Minn.-based Lake Minnetonka Dental and Four Seasons Dental to its network of practices. This marks DCA’s first affiliations in the state of Minnesota. The two practices offer general and cosmetic dentistry, dental implants, Invisalign, sedation dentistry, orthodontics, 3D imaging, 3D cone beam scanning, CEREC same day crowns, intraoral cameras and more.

Dental Care Alliance on December 20, 2018

Dental Care Alliance affiliates with 13 Made Ya Smile practices in Texas

Fla.-based DSO [Dental Care Alliance](#) (DCA) signed an affiliation agreement with Texas-based [Made Ya Smile](#), which provides general, cosmetic, and specialty dentistry at 13 locations in Houston and the surrounding areas. Made Ya Smile provides Invisalign, Lumineers, emergency dental, dentures, Empress dental restorations, traditional braces, 3D imaging and more. Transitus Capital, a Texas-based boutique investment bank, [served](#) as exclusive financial advisor to Made Ya Smile dental practices in the affiliation.

Dental Care Alliance on November 19, 2018

Dental Care Alliance makes 20th affiliation in Georgia, opens clinics in Suwanee

Dental Care Alliance (DCA) signed an affiliation agreement with Northside Oral Surgery of Dunwoody, Georgia. Northside offers wisdom teeth extractions as well as dental implants (including Teeth in a Day), orthognathic surgery, and more. The affiliation marks DCA’s 20th affiliated practice in Georgia. DCA also [opened](#) Town Center Dental in Suwanee, providing general and cosmetic dentistry, dental implants and oral surgery. The practices uses 3-D CT scan and intraoral cameras and offers platelet rich plasma therapy (PRP).

Dental Care Alliance on November 2, 2018

Marquee Dental Partners acquires dental practices in Tennessee, Alabama, Kentucky

Tenn.-based DSO [Marquee Dental Partners](#) acquired two practices – [Shabo Smile Dental Studio](#) in Chattanooga, Tenn., and another Dr. Jeffrey Weissman Family and Cosmetic Dentistry in Mountain Brook, Alabama. Marquee now operates 28 dental practices across Tennessee, Alabama and Kentucky. Both practices offer general and cosmetic dentistry services to individuals and families.

Marquee Dental Partners on November 13, 2018

2. Dental Service Organization News *(continued)*

[Pacific Dental Services first DSO to implement Epic health records platform to improve care coordination](#)

[Pacific Dental Services \(PDS\)](#), said it would implement an [Epic](#) electronic health records system to exchange patient data with other organizations to improve patient care. PDS-supported dentists and specialists will have the ability to coordinate care with other clinicians who serve their patients and their families, closing care gaps and reducing duplication. As the first DSO to join Epic's [One Virtual System Worldwide](#), PDS will be able to improve oral systemic health for the populations they serve. Epic will allow patients and caregivers to use the MyChart patient portal to chronicle their healthcare journey and help them communicate with providers, schedule appointments, and pay bills online. The rollout [is expected](#) to be completed by 2020.

Pacific Dental Services on November 8, 2018

[State lawmakers face proposals from dental boards, associations to reduce access to DSO](#)

Patrick Gleason, VP of state affairs at Americans for Tax Reform, writes that among the challenges facing the governors and state lawmakers in their 2019 legislative sessions is healthcare cost containment efforts. He says one example of misguided healthcare cost-increasing proposals lawmakers need to watch out for are efforts by some state dental boards and dental associations to pass legislation or regulations to hinder dentists' freedom to contract with service providers for non-clinical tasks, thereby freeing up dentists to spend more time on patient care. Gleason says contracting with DSOs increases access to dental care and reduces costs, but some dental practices are asking politicians and bureaucrats to inappropriately crack down on competition. He points to efforts from the Maryland State Dental Association to go after DSOs with proposed legislation and regulation to make DSOs less competitive or prohibit dentists from contracting with them.

Forbes on December 3, 2018

[Henry Schein hosting DSO Educating Forum with three educational tracks](#)

N.Y.-based a health solutions network Henry Schein will host its annual [Dental Service Organization Education Forum](#), May 17-18 in Las Vegas. The event offers three educational tracks for DSOs, along with panel discussions and networking opportunities. Based on the size and type of DSO, attendees will be placed in one of the following tracks covering different topics based on their organizational needs.

1. **The National & Emerging DSO Track** – Features content geared towards DSOs with a local, regional or national footprint, as well as solo practitioners and private practice dentists looking to enter the DSO space;
2. **The DSO Hygiene Track** – Features dental hygiene consultants and speakers to educate on best-in-class hygiene practices to scale to multiple locations; and
3. **Leadership and Development Track** – This track will teach best-in-class team coaching, mentoring skills, and how to build team harmony within one location and across many locations.

Henry Schein, Inc. on January 21, 2019

3. Innovation & Future of Dental

Growth in DSOs, PE involvement expected to shape future of dental practices

The American Dental Association Health Policy Institute (HPI) expects a growing dentist workforce through 2035 because of an increase in the number of younger and more diverse dentists. It's expected that a demographic shift will also lead to changes in the business framework of dental practices, with solo practices declining at a rate of 7% annually and participation in DSOs expected to grow from 7.4% of dentists currently to 16.3% for new dentists ages 21-34. This article points out that private equity firms will continue to play a role in practices looking to leverage on economies of scale. Advocates foresee an increase in consolidation and private investment due to the continued growth of dental practices.

QS WOW News on November 13, 2018

Online marketplace Dental Genie launches, allowing users to shop for services and procedures

Ariz.-based startup [Dental Genie](#) created an online marketplace to compete with traditional dental insurance models. The marketplace aims to help consumers save on dental services and procedures, allowing users to search by zip code and/or procedure to view a list of dentists available. The site also compares pricing for the services and procedures, and it shows the cost savings compared to dentists only available through traditional dental insurance. Dental Genie says consumers can save between \$200 to \$3,000 through the site. The company [raised](#) \$1 million in capital from anonymous angel investors and has 60-plus dentists throughout Arizona in their network. By 2020, the company expects to have a network of 10,000 dentists. It aims to capture 10% of the 200,000 licensed dentists in the U.S. The model sees dentists pay \$500 a month to subscribe to the Dental Genie service to post their information and pricing.

Dental Genie on November 27, 2018

Delta Dental offers New England consumers free app to find discounted dentists and services

A free smartphone app called [Chewsi](#) is connecting patients in southern New England to dentists who offer discounts, with users paying the dentist directly through the app. The app is owned by Delta Dental and is available to people with or without dental insurance. Users can shop around for a dentist who offers specific procedures such as dental cleanings, x-rays and dentures, and the prices are discounted. Delta Dental says the targeted savings is around 25%, and it's currently averaging about 28%. Currently, the service is available in Rhode Island and Massachusetts. It will be available in Connecticut early in 2019.

NBC 10 NEWS on November 12, 2018

3. Innovation & Future of Dental *(continued)*

DentalPlans.com expects teledentistry, other technology to influence oral healthcare in 2019

[DentalPlans.com](#) has pointed to several key trends that will influence how dental professionals provide oral healthcare in 2019, including virtual doctors and new ways for consumers to save on oral health care costs. It expects dental care to continue to lead the way in healthcare technology, such as 3-D printed replacement jaws and efforts in China to use robotic dentists to address its lack of clinicians. It also expects virtual reality to increasingly replace the use of nitrous oxide to reduce mild discomfort and anxiety. Additionally, it foresees dentists providing more support for at-home self-care, such as dentist-prescribed tooth whitening pens and smart toothbrushes that use artificial intelligence fed by data from accelerometers, gyroscopes, and magnetometers to let users know how effective their oral hygiene routine really is. DentalPlans.com expects consumer demand for items such as charcoal toothpastes and tooth powder absent of artificial ingredients to play a greater role in the market. Also, teledentistry could improve convenience and lower costs, driven by better user interfaces and short-term insurance plans with limited benefits. The firm also sees more dentists offering in-house membership plans where patients pay monthly or yearly membership fees for discounted dental care.

Dentistry Today on December 28, 2018

MouthWatch upgrades teledentistry tool for patients, providers

MouthWatch upgraded its [TeleDent](#) teledentistry platform, which dentists to share and collect patient data, clinical information and intraoral images and videos. The platform was originally designed to improve referrals, screenings, consultations and collaborations between general physicians and specialists, group practice locations and hygienists in public health or private practice. TeleDent has been updated to include:

- Enhanced user interface;
- New task assignment capability;
- Optimized synchronization;
- Improved workflow;
- More efficient patient, provider and practice management; and
- New audio recording capabilities.

Becker's Dental + DSO Review on November 27, 2018

DentaQuest, Brident Dental enter value-based contract under Texas Medicaid program

Mass.-based oral health company [DentaQuest](#) entered into an agreement in Texas to administer a contract under the state's Medicaid program using a value-based care and payment model with [Brident Dental](#). Brident supports 34 affiliated dental offices in 11 Texas counties. The "first-of-its-kind" contract, which will run through 2019, represents a move from a fee-for-service (FFS) payment model to an alternative payment model (APM) that rewards value and outcomes. The agreement ties Brident Dental's reimbursement levels to quality metrics and overall cost of care. It will require quarterly monitoring of Brident's affiliated dental providers to ensure they

are meeting guidelines for providing preventive services to patients. DentaQuest said dental practices won't be required to switch to the APM, which is targeting a small number of practices willing and best situated to begin the change from a FFS model. DentaQuest [says](#) the goal is to make oral healthcare affordable and accessible by focusing on prevention, which it calls "Preventistry."

DentaQuest on December 11, 2018

Related Development

Boston dental group DentaQuest plans to double size by 2023, invest \$20M in oral health system transformation

DentaQuest on November 15, 2018

Aspen Dental piloting in-store dental services in Fla. Walgreens locations

N.Y.-based Aspen Dental is working with Walgreens to offer in-store dental services to Walgreens customers at the drug store chain's Palatka, Fla. location. Aspen Dental will offer Walgreens customers a full range of in-store dental services, including denture, implant and Invisalign. Patients will also be able to receive free digital dental health plans and X-rays. The location includes an on-site dental lab to facilitate quick turnarounds of custom-crafted dentures, repairs, relines or adjustments at the Walgreens location. The DSO plans to open another Walgreens location in Tampa, Fla., in 2Q2019.

Becker's Dental + DSO Review on December 19, 2018

SmileDirectClub partners with CVS to pilot in-store services in select pharmacies

SmileDirectClub has partnered with CVS Health on a pilot program that aims to treat patients and customers at CVS pharmacies. Patients who visit pharmacies partnered with SmileDirectClub will be able to get fitted for the company's invisible braces, as well as 3D scans of their teeth. SmileShopExpress clinics are already located inside of six CVS drugstores.

CNBC on January 29, 2019

Startup offers 'dentist-at-work model' for employers, consulting expects niche offering to persist

Mass.-based startup [Virtudent](#) is working with employers to set up remote dental services inside empty office space as a way to make it more convenient for workers to go to the dentist. EF Education First, a company that promotes travel and cultural education, has worked with Virtudent, with its insurance provider covering checkups with dental hygienists who can call up a dentist through the computer at the workstation if any issues arise. A doctor will review any images taken at the appointment. Virtudent CEO and founder Hitesh Tolani says remote dentistry can help narrow what the industry calls its "busyness problem." Virtudent caters to large companies as well as small startups and uses the revenue to set up remote clinics for low-income children. Dental consultant Roger Levin says several examples are emerging across the U.S., calling the dentist-at-work model "a niche" that won't go away. Levin says it shows the changes the industry has undergone with private equity investments and the rise of DSOs.

WBUR on November 16, 2018

3. Innovation & Future of Dental *(continued)*

Dental care startup Quip raises \$4M after in-store launch at Target

Quip, an oral health care startup that makes use of the [so-called subscription economy](#), raised \$40 million in venture capital led by existing investor Sherpa Capital, bringing its total funding to over \$60 million. The new funding follows Quip's expansion from its online-only subscription model for delivering electric toothbrush replacement heads and toothpaste to in-store placement at Target. Earlier in 2018, it [acquired](#) dental insurance company [Afora](#), which gave it access to a network of more than 25,000 dental professionals. Quip will use the new funding to grow its subscriber base through an offline distribution program to recruit more dental providers to its network and offer products and services to attract and retain new patients. It also launched a [limited edition toothbrush](#), the proceeds of which help provide oral health education and dental care access to disadvantaged families in collaboration with the ADA Foundation.

Fortune on November 27, 2018

Marquee Dental Partners CEO points to value-based care, telemedicine as future of dentistry

Fred Ward, CEO of Tenn.-based Marquee Dental Partners discussed trends among DSOs, the rise of value-based care and strategies to keep dentists engaged. He says some DSOs have expanded by building de novos, while others have acquired private practices, and some do both. He says acquisitions tend to be more capital intensive but provide more immediate cash returns than de novos. In the coming decade, he expects several big changes that benefit patients and providers, and points to three trends: Implants, orthodontics and value-based care. He also expects standardization and metrics to measure patient health and outcomes will become the norm, and for teledentistry to continue making inroads for after-hours dental emergencies, for example.

Becker's Dental + DSO Review on December 6, 2018

Growing number of Americans going aboard for less expensive dental procedures

Marketing campaigns and offers on luxury dental vacations are attracting a growing number of Floridians outside of the U.S. to countries like Costa Rica for common procedures such as root canals, dental implants and crowns. [Patients Without Borders](#) claims about 85,000 Americans and Canadians traveled to Costa Rica for medical procedures in 2017, 80% of whom were dental patients. Media reports highlight examples of potential cost savings, for instance: implant-supported dentures cost patients about \$1,500 in Costa Rica compared to the average cost of \$4,250 in the U.S.

ABC Action News on January 10, 2019

DSO using big data to measure patient experience, improve payer networks

Some industry experts believe Big Data is becoming more important to measure the quality of care provided to patients. Mortenson Dental Partners, a DSO operating 138 practices across nine states, says it's using data analytics to drive business results and improve quality of care for patients. The practice shared how it's using analytics to measure the patient experience, forecast future patient flow based on patient feedback, optimize payer networks and predict the accuracy of fees allowed for procedures.

Group Dentistry Now on January 8, 2019

Report expects dental 3D printing market to reach \$9.78B by 2025

Grand View Research's [report](#) expects the global dental 3D printing market to reach \$9.7 billion by 2025, growing at a CAGR of 29.3%. Growth will be fueled by the rising prevalence of tooth conditions that will lead to an increase in tooth replacement surgeries, coupled with an aging population and growing demand for customized dental 3D printing solutions. Grand View expects collaborations between key players to increase alongside increasing awareness among consumers. The report also forecasts the selective laser sintering segment to expand at a CAGR of over 29% and that North America will dominate the market in 2025 with a market share of just over 38%.

Grand View Research on November 2, 2018

4. Private Equity

Twin Brook Capital Partners commits \$2B to private equity-backed healthcare transactions, including Vistria's buyout of Rock Dental

Twin Brook Capital Partners, the middle-market direct lending subsidiary of Angelo Gordon, is committing more than \$2 billion to private equity sponsors to support mid-market healthcare sector transactions. In 2018, Twin Brook closed on 30 healthcare transactions, bringing its total number of healthcare transactions to more than 80 since inception. Recent healthcare transaction highlights include Twin Brook serving as Administrative Agent and Sole Lead Arranger of a \$122-million financing deal that supported Vistria Group's buyout of Rock Dental Brands, a DSO operating in Arkansas and Missouri formally known as AXPM Dental Management. Rock Dental operates orthodontic, pediatric dental, oral surgery and general dental clinics.

Twin Brook Capital Partners on January 7, 2019

Zenyth Partners rolls out permanent healthcare-focused capital vehicle after The Smilist investment

Healthcare investment firm [Zenyth Partners](#) launched a permanent capital vehicle to build innovative consumer-facing healthcare services companies following its earlier investment in the Smilist DSO. Zenyth hopes to partner with entrepreneurial leaders to grow organizations and create value for stakeholders. The Smilist's CEO, Phil Toh, says Zenyth's approach has helped his company build and scale a consumer-oriented healthcare businesses and "a market-leading dental service organization."

Zenyth Partners on January 30, 2019

Florida investment firm partners with dentist group to create DSO Parkview Dental Partners

Parkstone Growth Partners, a business-building investment company focused on healthcare, insurance and healthy living markets, partnered with Fla.-based BayView Dental Associates to create Parkview Dental Partners. Parkview Dental will serve as a dentist-founded dental growth and management partnership. BayView Dental has 16 dentists and hygienists across eight offices who offer general, specialty and cosmetic dentistry services. Parkstone partner Will Schlotthauer will serve as the DSO's chief strategy officer, responsible for strategic direction, growth and practice acquisitions and affiliations. Parkview [will seek](#) affiliations with other dentists through Florida's Gulf Coast.

Parkstone Growth Partners on December 10, 2018

4. Private Equity *(continued)*

PE firm RiverGlade Capital acquires Kids Care Dental from Sterling Partners

Chicago-based private equity firm RiverGlade Capital has acquired Calif.-based Kids Care Dental & Orthodontics, a portfolio company of Sterling Partners. Financial terms weren't announced. Kids Care is a multi-site practice that offers preventive dental care, orthodontics and oral surgery. Cain Brothers provided Sterling and Kids Care with financial advice and sector knowledge on the transaction.

PE Hub Network on January 9, 2019

Fla.-based PE firm acquires Texas dental practice, forms Strive Dental Management DSO

Fla.-based MBF Healthcare Partners has invested in Texas-based Rose Dental Group to form a DSO called Strive Dental Management. Rose Dental Group has four locations and more than 40 dentists and hygienists that provide general, specialty, and cosmetic dentistry in the Austin area. The practice's founders will help the DSO expand throughout Texas and the United States. MBF recently appointed Mike Vaughn, former COO at American Dental Partners, as an operating executive to assist with the execution of a DSO strategy in the dental space. He will serve as the transitional CEO to Strive. MBF says it typically invests \$10 to \$50 million of equity per investment.

Group Dentistry Now on November 1, 2018

Pediatric DSO Rodeo Dental seeks growth capital

Texas-based [Rodeo Dental & Orthodontics](#), a largely pediatric-focused DSO, is reportedly seeking growth capital. Investment banking firm Houlihan Lokey has been mentioned as providing financial advice to the DSO.

PE Hub Buyouts on January 25, 2019

5. Mergers and Acquisitions

Provident Healthcare Partners says Q4 shows strong M&A activity in dental services area

Provident Healthcare Partners released its Q4-2018 Dental Services Update, explaining that M&A activity in the sector continued at a strong pace through consolidation, and that similar to Q3, transactions were largely driven by companies such as Marquee Dental, North American Dental, Mid-Atlantic Dental, and Western Dental. The report notes that Marquee Dental and North American Dental used their acquisitions to increase their geographic densities within existing markets, while Mid-Atlantic Dental and Western Dental had the largest acquisitions by location footprint, including their respective purchases of Birner Dental Management Services and The Guardian Life Insurance Company's DSO operations. Provident believes the transactions will provide entrance into new markets. It points out that two private equity platforms were created during Q4, with Parkstone Growth Partners investing in Florida-based Bayview Dental Associates, and MBF Healthcare Partners recapitalizing Texas-based Rose Dental Group. The report says Q4's M&A activity points to continued consolidation and investment heading into 2019 within the dental services sector.

Provident Healthcare Partners in Q4 of 2018

Observers suggest a second wave in dental consolidation may be fueled by partnerships, not private equity

Some industry observers believe the second wave of industry consolidation has arrived in the dental space. They point to Smile Brands' investment in DecisionOne Dental Partners as a sign of DSOs acting as private equity investors for another DSO. They point out that middle-market dental groups often have capital to grow and buy offices, but need assistance developing call centers, improving their insurance departments, and other challenges that naturally occur with growth. Experts note that PE often has a five-to-seven year vision, but dental practices with a "forever vision" are opting for an alternative route. Large groups are seeing smaller groups having major success, leading them to reevaluate and consider investment in smaller DSOs to learn from them while they support them. Some see this model for strategic partnership as beneficial for the profession to build doctor-built culture

Group Dentistry Now on January 16, 2019

Smile Brands investing in fellow DSO DecisionOne Dental to fuel expansion

Smile Brands Inc., a Calif.-based DSO serving over 400 locations across 17 states, made a strategic investment in Ill.-based [DSO DecisionOne Dental Partners](#) to help fund DecisionOne's growth and acquisitions throughout Chicagoland and neighboring states. DecisionOne Dental Partners management will continue to lead and operate the business. Smile Brands will provide DecisionOne with expansion capital and access to additional business support services. DecisionOne has approximately 30 affiliated practices in the Chicago area.

Gryphon Investors on January 7, 2019

5. Mergers and Acquisitions *(continued)*

Mid-Atlantic Dental Partners acquires Briner Dental Management Services, Perfect Teeth for \$39M

Regional DSO [Mid-Atlantic Dental Partners](#) completed its [acquisition](#) of Birner Dental, a large dental group also known as [Perfect Teeth](#), operating in Colorado, New Mexico and Arizona. In addition, an affiliate of Mid-Atlantic Dental Partners will purchase all outstanding shares of Birner Dental for \$10.62 in cash, with the entire deal valued to around \$39 million. The deal closed despite an [investigation](#) from securities and litigation firm Levi & Korsinsky, LLP into the fairness of the deal on behalf of shareholders. Once the acquisition is finalized, Birner Dental will change its name to “Rocky Mountain Dental Services Holdings, LLC,” while the remaining local locations will retain the Perfect Teeth brand.

Mid-Atlantic Dental Partners on January 14, 2019

Western Dental to acquire 63-office DSO from The Guardian Life Insurance Co.

Calif.-based Western Dental’s parent company Premier Dental Holdings said it would acquire The Guardian Life Insurance Company of America’s DSO operations, which supports 63 offices in Texas, California and Alabama. The acquisition will see Western Dental, which is [backed](#) by New Mountain Capital, add 36 supported offices currently branded as South Texas Dental in Texas, along with 13 California practices currently branded as Access Dental. In Alabama, Western Dental will acquire six Vital Smiles offices. The purchase will see Western Dental increase the number of supported practices from 249 to 312. Western Dental [said it completed](#) the transaction on January 2, 2019. Terms were not disclosed.

Western Dental on December 5, 2018

Western Dental closes purchase of EyeMax Vision Plan, offers vision coverage as value-added product to groups, individuals in California

Western Dental Services’ parent company, Premier Dental Holdings, completed its purchase of EyeMax Vision Plan, a Knox-Keene licensed specialized healthcare service plan for vision. EyeMax has a statewide license to operate in California and a network of more than 1,200 individual and group vision care providers, 90% of whom are located in close proximity to Western Dental Offices. Western Dental intends to offer vision as a value-added product with its group and individual dental plans.

Western Dental on January 2, 2019

6. Litigation & Compliance

[N.Y. chain of orthodontic offices pays \\$9M to settle with AG in licensing case](#)

New York Attorney General Letitia James reached a \$9-million settlement with Diamond Braces for allowing uncertified employees to perform orthodontic procedures and improperly bill Medicaid for the procedures. The chain of dental offices operates in 12 locations in New York. The company admitted that uncertified employees performed some intraoral procedures, and admitted to certifying to Medicaid that these individuals had the necessary certifications. Diamond Braces will be required to enter into a corporate integrity agreement or retain an independent monitor who will report to the state and confirm compliance with the law.

NY Attorney General on January 15, 2019

[Indiana dental practice, DSO pay \\$5.1M to settle Medicaid false claims allegations](#)

The DOJ announced that Indiana-based [ImmediaDent](#) and Kansas-based DSO [Samson Dental Partners](#) (SDP) will pay the federal government and State of Indiana \$5.1 million to resolve false claims allegations of Medicaid fraud for dental services. ImmediaDent has 33 locations in Indiana, Kentucky and Ohio. The DOJ alleged the companies submitted false claims for payment to Indiana's Medicaid program between Jan. 1, 2009, and Sep. 30, 2013, by improperly billing simple tooth extractions as surgical extractions and improperly billing Scale and Root Planings that were either not performed or not medically necessary. SDP is also accused of violating state law by improperly influencing ImmediaDent's medical professionals and staff by rewarding production, disciplining employees for not meeting production objectives, and directing personnel in a manner which compromised clinical judgment.

Department of Justice, November 6, 2018

[Wash. State Dental Association accuses DSO Lone Peak Management of kickback scheme for anesthesia](#)

The Washington State Dental Association (WSDA) filed a formal complaint with the Washington State Department of Health alleging that the DSO Lone Peak Management Group, dba Smiles 4 Kids, engaged in various dangerous and deceptive practices. Lone Peak operates more than a dozen clinics in the state, primarily serving disadvantaged children enrolled in Medicaid. The WSDA claims the DSO operated a kickback scheme that generated nearly \$170 for itself each time general anesthesia was administered. The payments were disguised as a "facility use fee" charged to the anesthesia provider, and the amounts "far exceeded" the fair market value of the record-keeping that Lone Peak provided the anesthesia provider. The association alleges Lone Peak directed doctors and staff to engage in a self-referral system to affiliated clinics for oral surgery and orthodontic services. It also charges that Lone Peak disregarded patient preferences for specialist care.

WSDA on November 16, 2018