



July -  
September 2022

# DSO Newsletter

Dental Support Organizations Market Intelligence

## In This Issue:

- Key Issues..... 1
  - Insurance reimbursements remained stagnant despite higher operating costs for dental practices..... 1
  - ADA backs Education Department student loan initiative, urges more incentives to train more hygienists, assistants..... 2
- Dental Support Organization News .....3
- Mergers & Acquisitions .....3
- Private Equity.....4
- Innovation & Future of Dental .....4
- Dental Practice News .....5
- Litigation & Compliance.....6

## Key Issues

### Insurance reimbursements remained stagnant despite higher operating costs for dental practices

According to an August [poll](#) by the American Dental Association’s Health Policy Institute, insurance reimbursements have not risen for the majority of dentists, despite rising costs. The Health Policy Institute surveyed about 1,200 dentists on their operating expenses and found they have reported increased costs for supplies, staff wages, PPE, equipment and rent to name a few. Nearly one-third of dentists (31%) indicated that PPE prices have increased by more than 20% and around 26% indicated that supplies and materials prices went up by at least 20% in the past year.

According to the poll results, the insurance industry is yet to respond to increased operating costs for dentists. Nearly 60% of dentists responded that rates have remained stagnant, 25% indicate their rates have decreased and only 7% of dentists reported getting an increase in insurance reimbursement in the past year. The ADA provides a [guide](#) to help dentists engage with third-party payers on contract negotiations, which can help curb rising costs.

Sources: *The American Dental Association, Health Policy Institute*

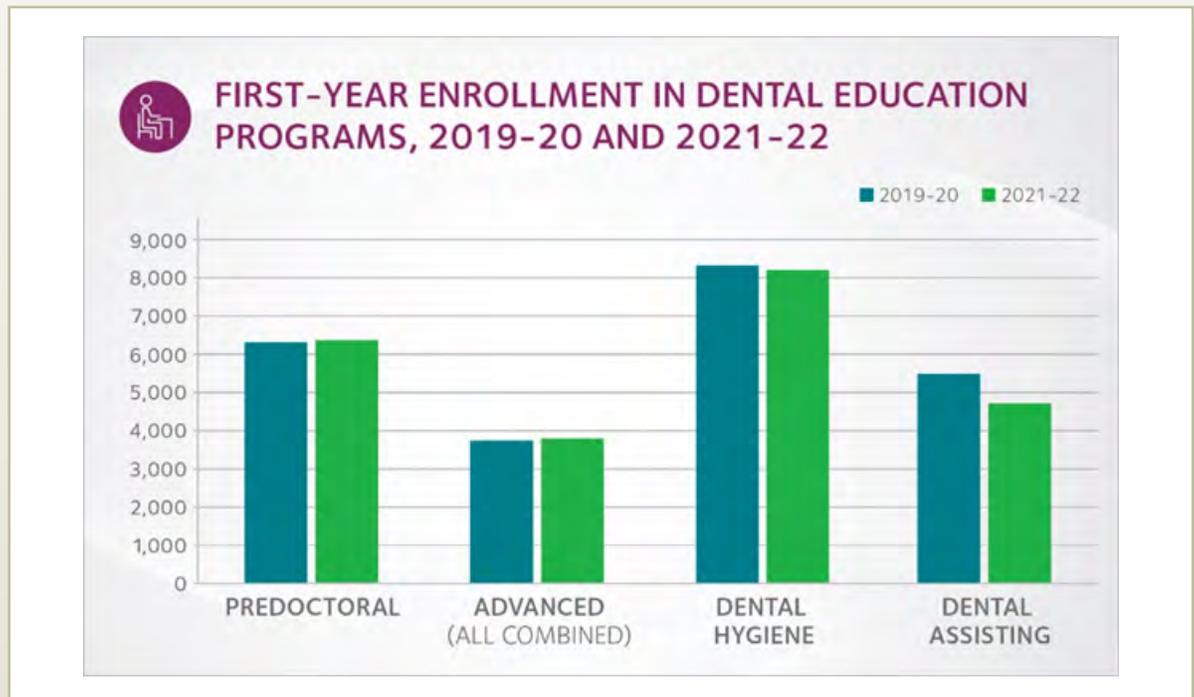
## Key Issues (continued)

### ADA backs Education Department student loan initiative, urges more incentives to train more hygienists, assistants

The American Dental Association issued [comments](#) applauding an Education Department proposal to eliminate interest capitalization on certain federal student loans and reform the Public Service Loan Forgiveness program. According to the comments, federal student loans are sometimes subject to interest capitalization, which can add tens of thousands of dollars to a new dentist's educational debt. This interest is triggered by designated "capitalizing events" that can cause a borrower's accrued, unpaid interest to become part of the principal balance, often without their knowledge and eliminating this and other capitalizing events could be a benefit to dental and medical residents. Becker's Dental Review [compared](#) Dental school debt vs. medical school debt, and found that the average debt for a dental student was \$292,169 in 2019 while medical students owed about \$215,900 in 2018, the last year data was available.

In a separate [letter](#), issued Sept. 6, to the Health Resources and Services Administration (HRSA), the ADA supported Title VII education grants and encouraged the agency to prioritize training programs for hygienists and assistants. The ADA currently runs a [campaign](#) to improve oral health in America, which looks to address the 181 million U.S. citizens who do not visit the dentist, as well as the nearly 50% of all people over the age of 30 who are suffering from some form of gum disease. The plan includes providing more Community Dental Health Coordinators in order to address barriers to effective oral health care in underserved areas. Improving training programs for hygienists and assistants can also be part of the solution. As was noted in previous editions of the Benesch DSO report, [staffing shortages](#) in dentistry, particularly among hygienists and assistants is one of the main issues in preventing practices from meeting patient demand, and according to the ADA and the Health Policy Institute, a pandemic-related decline in enrollment has not improved in the 2021-22 enrollment year.

Sources: American Dental Association, Dental Economics, Health Policy Institute



## Dental Support Organization News

### [Pacific Dental partners with Epic to install EHR across network of 900 practices](#)

Pacific Dental Services, one of the largest DSOs in the U.S., partnered with Epic to install electronic health records across almost 900 dental practices in its network. Pacific Dental spent two years converting 9.7 million patient records from legacy software to Epic and trained 13,000 team members and clinicians with the new system. The first Pacific Dental practice went live with Epic in April, and now the system is live across all the DSO's locations. Pacific Dental also helped optimize Epic's dental module, Wisdom, so dental records could more easily integrate into the patient's overall health records and treatment plans.

*Source: Pacific Dental Services on August 24, 2022*

---

### [Smile Generation Serve Day has record year, with \\$7.6M in donated dental services from Pacific Dental Services-supported practices](#)

In August, Pacific Dental Services (PDS) partnered with Smile Generation to take part in the 12th annual Smile Generation Serve Day, a day of service and nationwide campaign of giving that focuses on providing donated dentistry to underserved patients. The collective efforts of PDS-supported clinicians and team members said a record \$7.6 million was donated in dental services, while PDS team members provided over 55,000 hours of service to their local communities. Since its inception in 2011, more than 24,000 patients have received donated dentistry during Smile Generation Serve Day, totaling more than \$46.8 million in donated oral healthcare.

*Source: Pacific Dental Services on September 2, 2022*

---

### [SmileDirectClub appoints Alex Dimitrief and Linda Williams to Board of Directors](#)

SmileDirectClub appointed Alex Dimitrief and Linda Williams as independent directors on its Board of Directors. Dimitrief is an experienced director and C-suite leader with a track record of steering global businesses through a wide range of challenges. Williams is an executive who brings business, regulatory, and information security experience in the healthcare and insurance industries. Mr. Dimitrief will join the Audit Committee and the Nominating and Corporate Governance Committee and Ms. Williams will join the Audit Committee of the SmileDirectClub Board of Directors. Following these appointments, SmileDirectClub's Board will be comprised of nine directors, four of whom will be independent.

*Source: SmileDirectClub on July 25, 2022*

---

## Mergers & Acquisitions

### [Sentinel exits Altima Dental via merger with 123Dentist](#)

Sentinel Capital Partners, a private equity firm that invests in promising companies at the lower end of the middle market, closed the merger of its portfolio company, Altima Dental, with 123Dentist, a DSO based in Vancouver, to create one of the largest DSOs in Canada. The transaction was financed through equity capital provided by 123Dentist's existing private equity sponsor, Peloton Capital Management, and new investors KKR, a leading global investment firm, and Heartland Dental, a KKR portfolio company and the leading dental support organization in the U.S. Sentinel will retain a minority equity stake in the combined company. Terms of the deal were not disclosed.

*Source: Sentinel Capital Partners on August 15, 2022*

## Private Equity

### [Silver Oak's Smile Partners USA reportedly hits the auction block](#)

Silver Oak Services Partners-backed DSO Smile Partners USA is up for sale through Piper Sandler. Dental is a well-utilized space for private equity but it remains fragmented, and Smile Partners' emphasis on physician alignment differentiates the company, according to Axios. The company is marketing \$175 million-plus revenue and \$40 million-plus EBITDA for 2022, accounting for its near-term M&A pipeline. The company encompasses 90-plus clinic locations including 15 under LOI and is a physician-led platform. The DSO has a relatively large doctor-equity ownership model through which a large portion of dentists that join Smile roll equity into the parent company. PE-backed physician practice management groups are increasingly trending towards higher doctor compensation and equity models as specialists call for greater autonomy, both clinically and economically.

*Sources: Axios on August 26, 2022*

---

### [Great Lakes Dental Partners expands in Ill. with Signature Dental Group affiliation](#)

Great Lakes Dental Partners (GLDP) added Signature Dental Group to its network of affiliated practices, growing its reach in the greater Chicagoland area. GLDP, a Shore Capital Partners portfolio company, provides practice management services to 40+ partner locations. GLDP is actively seeking dental office partnerships in the Midwest and is backed by Shore Capital Partners. Ideal affiliation opportunities include owner doctors who want to partner with functional experts to grow their practices.

*Sources: Great Lakes Dental Partners on August 30, 2022*

---

## Innovation & Future of Dental

### [SmileDirectClub introduces second generation retainer manufacturing technology](#)

SmileDirectClub transitioned to its second-generation retainer manufacturing technology in the Company's FDA-registered Smile Labs based in Antioch, Tennessee. The company's upgraded retainer manufacturing lines feature laser technology and automations that produce its Comfort Sense aligners. The technology allows it to manufacture automations that will continue to increase the Company's efficiency and productivity. The technology will allow it to produce twice as many aligners and retainers with approximately 1/3 of the manpower, increasing productivity by 225%, according to the company.

*Sources: SmileDirectClub on September 6, 2022*

## Innovation & Future of Dental (continued)

### [Australian PhD student develops program that better prepares surgeons for mandibular reconstruction](#)

A PhD student at the University of Sydney's School of Aerospace, Mechanical and Mechatronic Engineering, has developed a program that will enable surgeons to run a full simulation of mandibular reconstruction before they attempt it. The program simulates the physiological conditions into which a medical implant will be placed, allowing surgeons to tailor their device and procedure for patient-specific treatment success. The program utilizes CAD tools, CT scans and a specially developed computer algorithm, when typically, reconstruction of the jaw requires an extensive recovery period of around three months. The program uses algorithms and data-driven approach help surgeons develop an optimal design without having to rely solely on intuition.

Sources: *Dental Tribune* on July 13, 2022

---

### [Researchers using 3D printing technology to study biofilm treatments](#)

Montana State University researchers developed a 3D-printing device that is able to replicate microbial mosaics to enable the study of new and innovative biofilm treatments. The researchers spent two years designing and testing a 3D-printing device that can lay grids of individual bacteria in hydrogel. Advancements in 3D-printing technology have made it possible for the researchers to map the microbes found within drops of liquid hydrogel resin and to use laser light to construct a rudimentary biofilm out of the resin. The research was presented at the Montana Biofilm Meeting in Bozeman on 12–14 July, and the team said that there is interest among major industry players such as Procter & Gamble and 3M in developing new methods of controlling biofilms.

Sources: *3D Printing Technology* on July 26, 2022

---

## Dental Practice News

### [Dental Technology growing more popular among solo practices](#)

As dental technology companies continue to innovate, solutions that traditionally made sense only for large, multilocation groups now cost less and are more accessible for independent practices. Some technology options to consider for solo practices include:

- Using AI to stream administrative tasks, making for a streamlined customer experience;
- Seamless financing products like Sunbit, which can get patients an immediate credit check;
- Emerging AI tools like Pearl, Overjet, and Denti.AI can identify and highlight findings on radiographs such as caries and bone loss;
- Insurance verification and quoting can instantly quote patient responsibility; and
- Practice intelligence, such as Dental Intelligence and Jarvis Analytics, provide insightful dashboards that allow you to view your practice data in ways that were previously difficult to create.

Sources: *Digital Economics* on August 10, 2022

## Dental Practice News (continued)

### [AGD submits comments to CMS over Medicare physician fee schedule](#)

The Academy of General Dentistry (AGD) submitted a comment to the CMS on its Medicare physician fee schedule proposals and request for information on Medicare Part A and B payment for dental services. Gerald J. Botko, MS, DMD, MAGD, president of AGD, Myron (Mike) Bromberg, DDS, chair, AGD's Legislative and Government Affairs Council, and Joseph Battaglia, MS, DMD, chair, AGD's Dental Practice Council, explained that it's the organization's opinion that CMS does not have the authority to expand coverage regarding medically necessary dental provisions. In June of 2022, more than 100 U.S. House Representatives sent a letter to the CMS administrator urging the use of its regulatory authority to increase Medicare's coverage of some dental services. In the letter, the congressional representative indicated support if the Agency expanded its determination of "medically necessary" dental care. In AGD's comments it notes that based on legislative proposals circulating through Congress it is perceived that the agency is responding to the preferences of a single political party.

*Source: Academy of General Dentistry on September 8, 2022*

---

## Litigation and Compliance

### [Dental Care Alliance agrees to \\$3M settlement to resolve data breach claims](#)

Dental Care Alliance, a third-party support vendor for over 320 dental practices across 20 states, agreed to pay \$3 million to resolve claims it failed to protect consumers from a data breach by allegedly maintaining their information in a "reckless" manner. The settlement benefits individuals who were notified of the Dental Care Alliance data breach in October 2020, December 2020 or April 2021. This includes a subclass of individuals whose notice indicated their Social Security number, financial account information, bank account data and/or driver's license number were potentially affected by the data breach.

*Source: Top Class Actions on August 2, 2022*

## Events

[International Conference on Advanced Aesthetic Dentistry and Oral Treatments](#) - September 27-28, San Francisco (Digital)

[Exocad to host global CAD/CAM conference Insights 2022 in Palma de Mallorca](#) - October 3 - 4, 2, Palma de Mallorca, Spain

[Straumann Symposium](#) - October 13-15, Boston

[Glidewell Symposium](#) - October 14 - 15, Irvine Calif.

[Becker's Dental & DSO Review Virtual Forum](#) - October 14 (Digital)

[Pacific Northwest Dental Conference](#) - November 10-12, Seattle

[ICDO](#) - August 24-26, 2023, UK

**For more information regarding our DSO experience please contact:**

**Frank Carsonie**

[fcarsonie@beneschlaw.com](mailto:fcarsonie@beneschlaw.com) | 614.223.9361

**Christopher DeGrande**

[cdegrande@beneschlaw.com](mailto:cdegrande@beneschlaw.com) | 312.624.6364

**Kari Heinze**

[kheinze@beneschlaw.com](mailto:kheinze@beneschlaw.com) | 614.223.9331

**Zachary Jacob**

[zjacob@beneschlaw.com](mailto:zjacob@beneschlaw.com) | 614.223.9393

**Ira Kaplan**

[ikaplan@beneschlaw.com](mailto:ikaplan@beneschlaw.com) | 216.363.4567

**Robert Marchant**

[rmarchant@beneschlaw.com](mailto:rmarchant@beneschlaw.com) | 216.363.4489

**W. Clifford Mull**

[cmull@beneschlaw.com](mailto:cmull@beneschlaw.com) | 216.363.4198

**Vince Nardone**

[vnardone@beneschlaw.com](mailto:vnardone@beneschlaw.com) | 614.223.9326

**Alan Schabes**

[aschabes@beneschlaw.com](mailto:aschabes@beneschlaw.com) | 216.363.4589

**Corey Sparks**

[csparks@beneschlaw.com](mailto:csparks@beneschlaw.com) | 216.363.4632

The content of the Benesch, Friedlander, Coplan & Aronoff LLP *DSO Newsletter* is for general information purposes only. It does not constitute legal advice or create an attorney-client relationship. Any use of this newsletter is for personal use only. All other uses are prohibited. ©2021 Benesch, Friedlander, Coplan & Aronoff LLP. All rights reserved.