



Dental/DSO Industry Newsletter

Dental/DSO Industry Market Intelligence

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CALENDAR OF EVENTS

The Ormco Forum 2024

OCTOBER 3–5, 2024
Phoenix, AZ

This is a premier clinical event specially crafted for orthodontists and their teams. It is intended to propel them to the forefront of orthodontics by providing education on advanced clinical techniques, applications, and methodologies. World-renowned experts will share insights and learnings using the latest orthodontic innovations in aligners, wires & brackets, indirect bonding combination treatment, and retention. This includes techniques and tips to take back to a practice. Ormco states that its focus on orthodontic specialists means that no other educational experience can provide this breadth or depth of orthodontic-specific topics.

For more information, please click [here](#).

SmileCon 2024

OCTOBER 17–19, 2024
New Orleans, LA

Registration is open for SmileCon 2024, where participants can join dental professionals on Oct. 17-19 in New Orleans.

For more information, please click [here](#).

The Future of Dentistry Roundtable

October 30–November 1, 2024
Chicago, IL

Becker's Healthcare can be joined live in Chicago for high-level strategic discussions and panels about the future of dentistry. Attendees can expect lively panels and valuable networking opportunities at this event featuring more than 70 elite DSO speakers.

For more information, please click [here](#).



Please contact us if you would like to post information regarding our upcoming events or if you'd like to guest author an article for this newsletter.

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GET TO KNOW

Christopher DeGrande



Christopher DeGrande

Senior Managing Associate

Chris' practice focuses on healthcare law, particularly transactional, regulatory, and corporate matters, including state and federal licensing, Anti-Kickback and Stark issues, corporate practice of medicine prohibitions, transactional and contractual structuring and drafting, and transactional diligence review.

Chris has experience with transactional and regulatory issues involving health care entities in various fields including, but not limited to, physical therapy, hospital settings, dermatology, ambulatory surgery, orthopedics, home health, behavioral health, ophthalmology/optometry, dentistry, women's health, telemedicine, and veterinary medicine. Previously, Chris has worked as an extern for the Presence Health General Counsel and also served as a judicial extern in the State of Illinois Circuit Court of Cook County. Before attending law school, Chris worked as a consultant at Cerner Corporation, a global supplier of health information technology solutions.

What Chris wants you to know about the dental (or DSO) industry in 2024: The DSO deal space remains active, and there are opportunities for the entire dental industry to capitalize on advances in technology with regards to practice administration and patient care that can lead to significant growth and efficiencies for DSOs and dental providers.

When Chris isn't practicing law, he is: usually chasing his kids around and trying to find a calm moment to relax and watch a Chicago Bears game.

Chris's favorite restaurant: Folklore Argentine Grill

The best thing about being a dental industry attorney: While a large part of being an attorney in any industry, the focus on being both a legal and business advocate really fosters not just strong working relationships, but also strong interpersonal relationships with clients in the dental industry.

KEY FINDINGS

Dentologie shares thoughts on growth by building on its unique brand identity

While other DSOs have focused on growth through acquisitions, Dentologie instead builds on its unique culture, modern aesthetic, and consumer demographic in key markets, focusing on experience education

Rob Brenneise, Chief Growth Officer & Bruce Tuck, Director of DSO Sales & Strategic Marketing of [Glidewell](#) and Dr. Oussama Founas, Founder of [Dentologie](#) shared their thoughts on Dentologie's adoption of technology, including the integration of advanced solutions like [Fastmill.io](#), a chairside milling unit, that streamlines the creation of dental restorations, to enhance patient care. This example underscores the importance of clinical education, which ensures that dental professionals remain adept at the latest techniques and technologies. Incorporating digital dentistry requires a strategic approach, that is focused on improving patient outcomes and practice efficiency through digital workflows and tools. The holistic integration of technology and education in dental practices promotes operational efficiency, and also elevates the standard of patient care.

Dentologie's unique model is centered on brand identity, patient experience, and company culture. The company began in 2013 with the idea of "why is it better to get a cup of coffee than it is to go to the dental office?" and has since focused on growth in key markets, which to date have been in Chicago and Seattle, where they found their brand resonates with their key demographic. While other DSOs have focused on growth through acquisitions, Dentologie practices are all de novo and branded Dentologie, and are known for their easy booking practices and unique employee culture.



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KEY FINDINGS (cont'd)

The discussion also highlighted Dentologie's partnership with Glidewell, recognized for its technological advancements and in-office solutions. Dr. Founas shared his positive experience with Glidewell, as the partnership enables Dentologie to focus on innovation and the enhancement of experiences for both employees.

Sources: Dentologie, Group Dentistry Now, Glidewell, Fastmill.io

Private equity playing an increasing role in dentistry

Data shows PE activity in dentistry nearly doubled from 2015-2021, with a preference being shown towards specialty practices, and in areas of higher growth and income.

Kamyar Nasseh of the American Dental Association was recently [interviewed](#) on a Health Affairs podcast, where he discussed his study on the increasing involvement of private equity in dental practices. The study analyzed dentist provider data for the period 2015–21 to examine trends in PE acquisition of dental practices. The percentage of dentists affiliated with PE increased from 6.6% in 2015 to 12.8% in 2021.

The conversation highlighted the efficiency gains private equity could offer, alongside concerns about potential risks. It also covered Dental Support Organizations (DSOs), emphasizing considerations for dental practices contemplating DSO expansion, creation, or partnership. While DSOs may enhance efficiency, there is caution against resource depletion within dental practices, a trend observed in the broader healthcare sector but not yet quantified in dentistry.

The [study](#) revealed that in the last two decades, private equity investments in the dental sector have increased significantly. This growth persisted even though there was a temporary decline during the pandemic. Notably, the Sunbelt states—Georgia, Florida, Texas, and Arizona—experienced a surge in such investments, contrasting with lesser activity in New England and the mountain regions. This trend correlates with regions that have expanding populations and higher average household incomes.

In terms of practice types, specialist practices such as pediatric, oral surgery, and endodontists, are seeing higher affiliations with private equity relative to GPs. Private equity has long played a role in acquiring medical practices, hospitals, and nursing homes, however, little data exists about the scope of PE activity within dentistry despite its increasing activity. Future research should investigate whether PE's role in dentistry affects the affordability and quality of dental services.

Legislative actions could potentially affect private equity's continued expansion into the dental industry. An example is the California legislature's recent passing of [Assembly Bill 3129](#) requiring private equity groups and hedge funds to give written notice, and in certain cases obtain consent, before investing in the state's healthcare industry. Governor Gavin Newsom would still need to sign the bill by the end of September in order for it to become a law, which could have wider implications in healthcare and potentially the dental industry as well.

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KEY FINDINGS (cont'd)

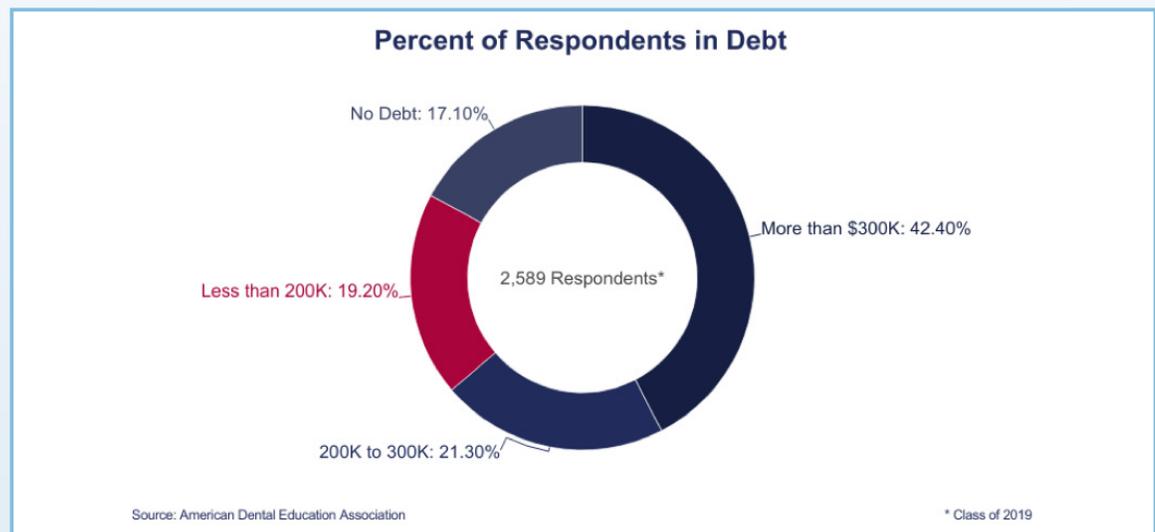
The involvement of Private Equity (PE) in dentistry is still developing, as it still lags within the broader healthcare sector. As PE firms increasingly invest in dental practices, the industry faces both opportunities and challenges. These investments can lead to higher practice valuations and potential operational efficiencies. However, there are concerns about the impact on prices and patient access. Additionally, the integration of PE may influence insurance dynamics and pricing strategies, further complicating the accessibility and affordability of dental care. Understanding these implications is crucial for stakeholders in the dental industry as they navigate this evolving landscape.

Sources: Health Affairs, California Legislature, Becker's Dental & DSO Review

GENERAL DENTISTRY NEWS

Average dental school debt eases since 2020 peak

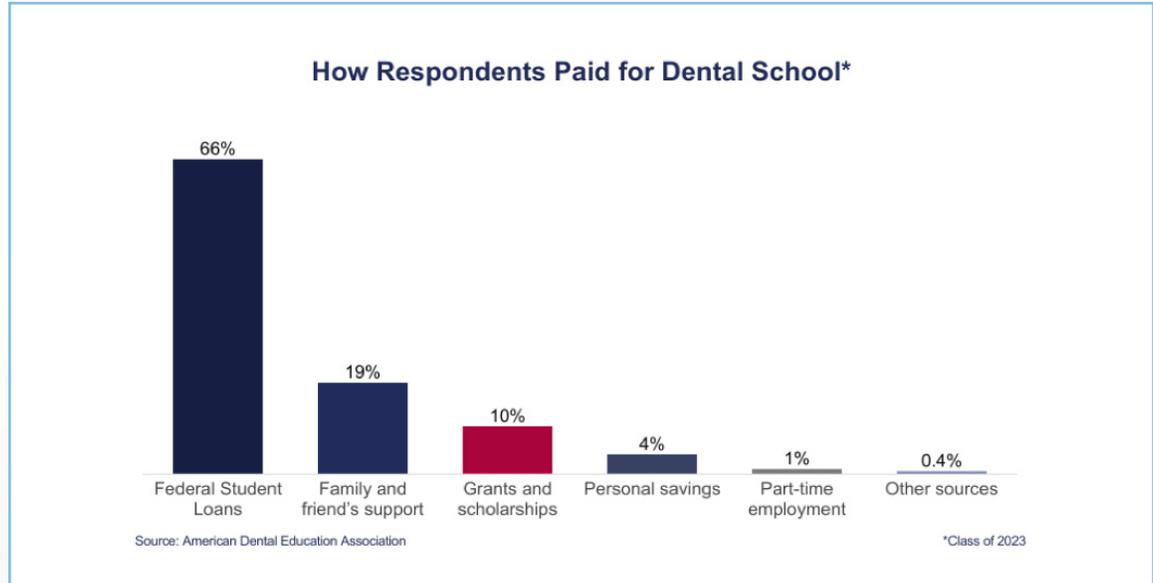
Since the 1980s, state governments have been cutting back financial support for dental school budgets, leading them to increase tuition rates. The average dental school debt over the past five years peaked in 2020 at \$421,700 but has since dropped to \$305,306 in 2023. Dentists with higher education debt were more likely to enter into private practice over government service, teaching, or advanced education, and increased loan debts made it less likely for dentists to enter specialist fields.



The average dental school graduate owes \$296,500 in student loan debt, and 82% of dental school graduates take out loans specifically to pay for dental school.

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GENERAL DENTISTRY NEWS (cont'd)



Source: Educational Data Initiative

Orthodontic companies expand, innovate over the past few months

Becker's Dental and DSO review highlighted notable updates in the orthodontic industry over the past few months. Key updates include:

- **G&H Orthodontics released [updates](#) to its Tune clear aligner system**, giving orthodontists more control over treatment plans.
- **Nichols Orthodontics and Aesthetics will [launch](#) orthodontics services** at its existing practice in Gilbert, AZ.
- **Southern Orthodontics Partners [affiliated](#) its Nashville-based company with a practice in Manhattan, KS.**
- **Parkland (FL) Orthodontics is now under the leadership of new [owner](#) Onni Franco, DMD.**
- **Alta Smiles received an investment**, the company is focused on hidden orthodontics treatments, received the [investment](#) from Dental Innovation Alliance.
- **Taft Hill Orthodontics [opened](#) a practice** location in Longmont, CO.
- **The American Dental Association made the first U.S. standard for orthodontic sequential aligners [available](#) for review.**
- Vienna, Austria-based **Biolux Technology [launched](#) OrthoPulse in the U.S.**, a device used to facilitate tooth movement.

Source: Becker's Dental + DSO Review

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GENERAL DENTISTRY NEWS (cont'd)

ADA joins call to delay of Corporate Transparency Act

The American Dental Association joined 150 other trade organizations in pushing for the passage of legislation that would delay the filing deadline of the Corporate Transparency Act. Currently, many small businesses, including dental practices, have less than one year to file beneficial ownership information reports to the U.S. Department of the Treasury's Financial Crimes Enforcement Network before being subject to penalties.

Source: ADA News

Pennsylvania, Illinois enact dental insurance laws

The American Dental Association sent a release that Pennsylvania and Illinois recently passed dental insurance benefit laws. The states used grants from the ADA's State Public Affairs program to build support. In Pennsylvania, HB 1664 prohibits dental insurers from only paying dentists with virtual credit cards. The bill requires insurers to provide participating dentists with all of the payment options and information on the exact fees imposed by the insurance company. Illinois passed House Bill 4789 and Senate Bill 3305. HB 4789 holds insurers liable for their prior authorizations, prohibiting insurers from denying claims submitted in procedures specifically included in a prior authorization, barring certain circumstances.

Source: ADA News

Northeast Ohio Medical University College of Dentistry earns initial accreditation

The approval will allow the university to move forward with its plan to offer a DDS program at its Bitonte College of Dentistry beginning in 2025. Dominic Bitonte, DDS, and Helen Bitonte provided the college a \$10 million commitment in 2022 to fund the dental school. Currently, more than 75 out of Ohio's 88 counties are considered health professional shortage areas in dental care. [According](#) to the Ohio Department of Health, oral health is the top unmet need for Ohio residents.

Source: Northeast Ohio Medical University

Wisconsin residents struggle to get dental care

Despite recent legislative changes to improve accessibility, Wisconsin residents struggle to access dental care. About 1.3 million people in the state are covered under Medicare, requiring them to purchase separate dental insurance plans or pay out of pocket for care. There are currently several initiatives underway to expand access to oral healthcare in the state, including continued Medicaid recruitment efforts, several dental workforce bills and training programs for dental assistants and hygienists. About one-third of counties in the state have only one dentist per 2,000 residents, and most dentists in the state do not accept Medicaid.

Source: The Cap Times

DSO EXPANSION & CONSOLIDATION

Larger DSOs gradually resuming growth with reported M&A uptick

The resurgence of M&A activity in the DSO sector is being influenced by favorable economic conditions, inflation rates, and the upcoming election, which could potentially affect the pace and volume of future M&A activity. The transactions include the following highlights:

- **Montshire Endodontics** [partnered](#) with **MB2 Dental** to expand its partner base in New England.
- **M2B Dental** also [partnered](#) with the owner of **Valley View Dental** in California who specializes in cosmetic and restorative dentistry, Invisalign treatments, and root canal therapy.
- **PDS Health** [added](#) **three new dental practices in August**. The Henderson, NV-based healthcare support organization added a total of 31 practices in 2024 and now supports over 1,000 offices in 24 states.
- **Imagen Dental Partners** [added](#) **seven locations**, in Arizona, Wisconsin, Oregon, Florida, Ohio and California.
- **CORONTAL Group** [announced](#) **their new affiliation with Smile Solutions** in Goodlettsville, Tennessee, its fifth location in Tennessee, and 44th practice overall.
- **beBright, a pediatric and orthodontic group in Minnesota**, [partnered](#) with **Kelson Orthodontics**, which has 12 locations and is headquartered in Minnetonka, MN.
- **Enhance Dental** [welcomed](#) **four practice owners across five states**, in Oklahoma and Arkansas.

Source: Group Dentistry Now

Benco Dental acquires two companies: M&S Dental Supply and A-Dent Dental Equipment

Benco Dental, the largest independent distributor of oral healthcare technology and supplies in the U.S., announced the acquisitions of M&S Dental Supply and A-Dent Dental Equipment. The acquired companies align with Benco Dental's current product and service offerings, serving the tri-state area of New York, New Jersey, and Connecticut. These two transactions are the latest in a series of accretive tuck-in acquisitions for Benco Dental.

Source: Benco Dental

Dental 365 acquires Dental Excellence in New Jersey

The DSO acquired Florham Park (NJ) Dental Excellence, which includes Vineet Sohoni, DDS, Adrienne Amirata, DMD, and Paul Banks, DDS. Services provided include cosmetic dentistry, orthodontics, preventive dentistry and TMJ therapy. Dental365 supports more than 130 practices across New York, Connecticut, New Jersey, Pennsylvania, New Hampshire, Massachusetts and Rhode Island.

Source: Dental 365

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DSO EXPANSION & CONSOLIDATION (cont'd)

Cliff Ridge Specialty Partners acquires two New York practices

Cliff Ridge Specialty Partners, a DSO that launched in 2023, has acquired two practices in New York. The acquisitions include Schwartz Orthodontics and Star Smiles, both in Long Island, NY. Scott Schwartz, DDS, of Schwartz Orthodontics, is also joining the DSO's management team as a founding orthodontist. The deals represent its entry into New York and the Tri-State area, where it plans to continue expanding in these markets through partnerships with orthodontists and pediatric dentists.

Source: Cliff Ridge Specialty Partners

OTHER DSO NEWS

M2B Dental launches podcast focusing on leadership in dentistry

The MB2 Underground podcast aims to venture into topics beyond the clinical environment, offering listeners stories from some of dentistry's most influential minds. MB2 Underground provides insights into leadership, entrepreneurship, and financial strategies to help doctors grow their practices and achieve their professional goals.

Source: M2B Dental

Dentsply Sirona appoints VP ahead of restructuring efforts

The dental supply company appointed Bruce Peatey as group vice president of its new Americas regional commercial organization. Peatey joined Dentsply Sirona to lead the company's Asia-Pacific RCO in 2022. The company announced that it would be adjusting its RCO structure to merge its North America and Latin America RCOs into one Americas RCO, according to a press release.

Source: Dentsply Sirona

National Dental Healthcare REIT finalizes acquisition of 13 properties in eight states

The acquisition was finalized for properties located in New York, Oklahoma, Florida, Texas, Indiana, Ohio, Georgia, and Virginia. The acquisition deal brings National Dental Healthcare's portfolio to include 187 properties with a combined acquisition value of \$234 million.

Source: National Dental Healthcare REIT

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OTHER DSO NEWS (cont'd)

Two Vermont dental practices merge to protect against flooding risk

Ludlow Dental Center is merging its services with Chester Dental, which is part of North Star Health, after a trial period where the practices combined operations from June through November 2023. The merger was initiated after a July 2023 flood which forced the closure of Ludlow Dental Center. The practice's relocation helps to better protect against future flooding.

Source: North Star Healthcare

PRIVATE EQUITY DEALS

Carestream Dental secures \$525M investment to fuel future growth

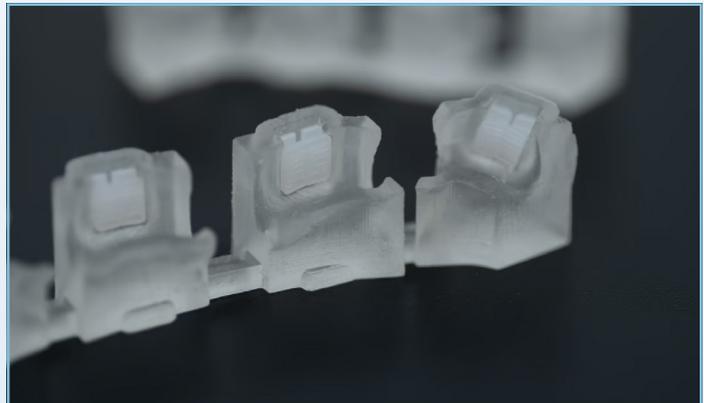
According to a company release, the company will use the new investment to fuel future growth. The company also said they will use the capital to reduce debt and "support organic and inorganic strategic initiatives." In addition to the recapitalization, Carestream Dental launched the Company's Oral Healthcare Innovation Hub, an innovation incubator focused on revolutionizing oral healthcare which it will unveil at the International Dental Show (IDS) in March 2025 in Cologne, Germany.

Source: Carestream Dental

Lightforce Orthodontics secures \$50M investment for 3D-printed dental brackets

Trinity Capital, a provider of diversified financial solutions to growth-stage companies with institutional equity investors, has committed to providing \$50 million to LightForce Orthodontics, a developer of 3D printed dental brackets. LightForce is the first company to create a fully personalized 3D printed braces system. The system utilizes AI to generate digital representations of individual patient's anatomy and optimal teeth positions, and was founded in 2015 by Alfred Griffin, DMD, PhD, and Lou Shuman, DMD.

Source: Trinity Capital

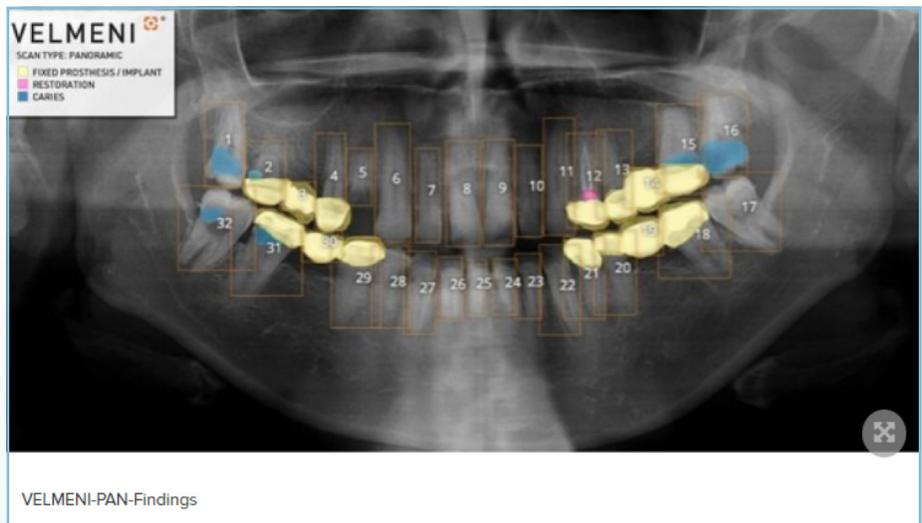


Orthodontists can achieve new levels of precision with LightForce's custom-built rebound trays, which are manufactured to exactly match each patient's teeth.

PARTNERSHIPS AND INNOVATION

FDA approves dental AI program which incorporates dentist expertise

Velmeni's AI tool, designed to assist dentists by marking dental X-rays and identifying common dental issues, has been approved by the FDA. This tool, known as V4D, is the first dental AI to gain such approval and stands out through its ability to detect problems in panoramic X-rays. It has been tested by

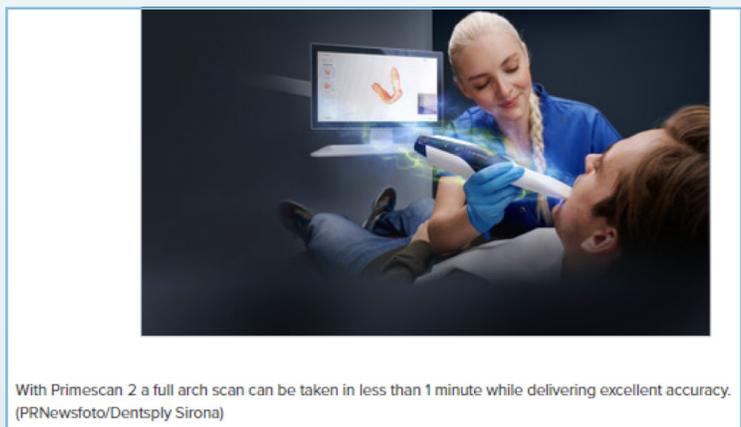


approximately 1300 dentists, with a vast majority saying they are ready to integrate it into their practice, according to the company. While the AI provides initial findings, dentists retain full control over the final diagnosis and treatment plans. Additionally, the tool's accuracy improves over time through each of its interactions with dentists.

Source: Velmeni AI

Dentsply Sirona launches first cloud-based intraoral scanner

The company introduced the Primescan 2, a wireless, cloud-native intraoral scanner that can be used with any mobile or desktop device that is connected to the internet. The updated model gives dental practices the ability to expand their services, improve efficiency and workflows compared to previous Primescan models. A full arch scan can be taken in less than one minute and is automatically processed and stored on the cloud-based system, DS Core, which allows consultations, lab ordering, and treatment to be done independently.



Source: Dentsply Sirona

LITIGATION

Investigation initiated after Aire Dental Arts data breach

The law firm Federman & Sherwood is investigating Aire Dental Arts for a data breach that occurred in June 2024, where sensitive personal information of some individuals had been accessed, including social security numbers and other personal information. Aire Dental discovered an unauthorized cybersecurity incident and initiated an investigation. As previously reported, Aire Dental Arts issued a [notice](#) following a June 2024 data breach involving malicious file encryption, which made certain computer systems inaccessible.

Source: Aire Dental Arts

Former dentist sentenced after stealing millions from Maryland Medicaid

Former dentist Seyed Hamid Tofigh of Potomac, Maryland was found to have violated the terms of his probation from a home detention sentence, and will now spend 18 months in jail. Tofigh previously pleaded guilty to Defrauding a State Health Plan and Practicing Dentistry Without a License for stealing more than \$8.5 million dollars from the Medicaid program. His conviction arose from a fraud scheme in which he practiced unlicensed dentistry on Medicaid recipients using the names, provider numbers, and professional credentials of licensed dentists to submit claims. Following his conviction, he almost immediately began applying for dentistry positions using an altered dental license and had left home without approval, violating the terms of his probation.

Source: Maryland Office of the Attorney General

Four dental fraud cases total \$16.4M since February

Four cases of fraud in the dental industry have been reported by Becker's since February 9:

- A Texas dental clinic operator was sentenced to 60 months in federal prison for his role in a \$6.9 million fraud scheme.
- A California dentist and two of her employees were sentenced for defrauding the state Medi-Cal program of nearly \$800,000.
- Christian O'Connor, DMD, was sentenced March 4 for defrauding the state's Medicaid program. Dr. O'Connor was sentenced to five years in prison, which was suspended, and three years of conditional discharge. He also paid \$200,484.52 in restitution.
- A former Maryland dentist was ordered to pay \$8.5 million in restitution for Medicaid fraud (case detailed above).

Source: Becker's Dental + DSO Review, September 4, 2024

STAFFING

The Aspen Group appoints former Google head as VP of learning optimization

[Lauren Svoboda](#) was appointed as VP of learning optimization at The Aspen Group after serving as head of learning transformation and head of learning integration at Google. She will be responsible for creating, building, and implementing learning solutions and experiences across the company's brands, including Aspen Dental and ClearChoice Dental Implant Center.

Aspen Dental and ClearChoice support around 1,200 dental practices.

Source: The Aspen Group

Women-owned Tampa dental manufacturer to double workforce

Cadmus Dental Lab, a Tampa-based manufacturer of dental prosthetics, is expanding its operations by leasing a 21,400 square foot facility. The group was founded in 2021 and is one of the few women-owned dental labs globally. The company specializes in producing a wide range of dental products such as implants, crowns, bridges, and orthodontic appliances, serving dental practices worldwide. With a reported 20% month-over-month growth, the relocation is part of the company's plan to double its workforce from 50 to 100 employees within the next three years. The new roles will span across various departments, including finance, logistics, fabrication, and customer service.

Source: Business Observer

For more information regarding our Dental Industry/DSO Practice, or if you would like to contribute to the newsletter, please contact:



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