

Dental/DSO Industry Newsletter

Dental/DSO Industry Market Intelligence

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CALENDAR OF EVENTS

SmileCon 2024

Registration for SmileCon 2024 opens May 8, where participants can join dental professionals on October 17–19 in New Orleans.

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

Becker's 2024 dental conferences still seeking speakers

The conferences includes its Spring Future of Dentistry Roundtable, which will be held on June 19–21 at the Swissôtel in Chicago, and its Fall Future of Dentistry Roundtable, on Oct. 30–Nov. 1 at the Hyatt Regency in Chicago.

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

Leaders guide identifies five steps to develop an AI strategy

Only 6% of healthcare organizations have a generative AI strategy in place, and leaders are advised to not let the technology get ahead of businesses, this guide explores key areas every healthcare organization should consider when developing an AI strategy and assessing potential vendors' solutions.

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



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

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GET TO KNOW

Ira C. Kaplan



Ira C. Kaplan

Partner, Corporate & Securities Practice Group

Ira focuses his practice on mergers and acquisitions as well as public and private debt and equity financings. He also works extensively in the healthcare services sector, including dental service organizations (DSOs) and other healthcare services such as behavioral health, physician practice management, revenue cycle management, and home health companies.

Ira represents both publicly and privately held companies at various stages of growth. He has been involved in planning for growth companies, helping to position them for growth and liquidity. Ira serves as outside General Counsel to many of his clients and also represents private equity, and subordinated debt funds, family offices, as well as the portfolio companies of these funds and offices. Ira is the firm's Executive Chairman and serves as a member of the firm's Executive Committee.

What Ira wants you to know about the dental (or DSO) industry as we head into 2024:

Capital continues to flow into the DSO space although more discerning and somewhat focused on specialty groups.

When Ira isn't practicing law, he is: reading, playing golf, and riding his bike around Cleveland.

Ira's favorite restaurant: Astoria

The best thing about being a dental industry attorney: as with all aspects of doing deals, the most rewarding thing is learning about different businesses and strategies to grow them. What is most enriching is being a part of a team with our clients and, over time, becoming friends with them.

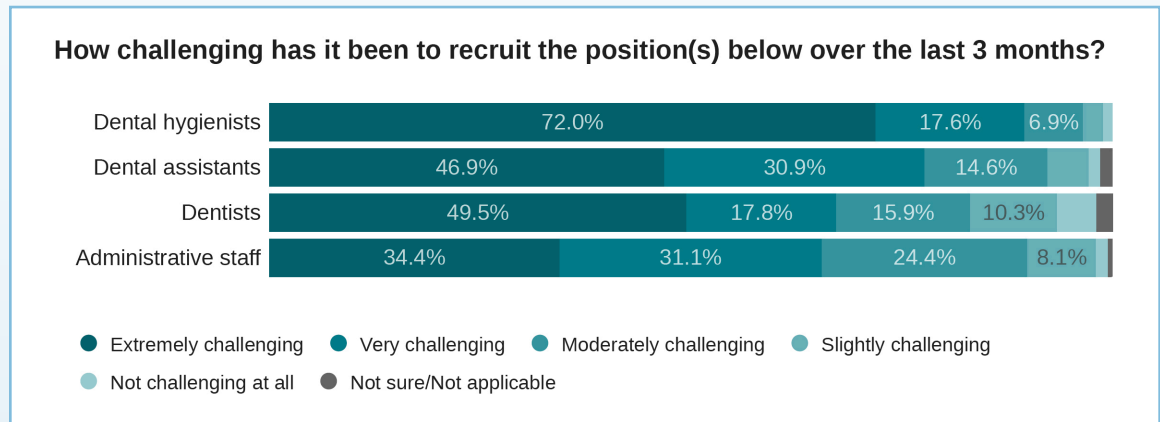
KEY FINDINGS

ADA, and other organizations move to boost workforce development, training for dental hygienists

In addition to several legislative moves aimed at boosting the training and development of dental hygienists, dental organizations are forming new partnerships to train and support hygienists and dental assistants to address ongoing workforce challenges.

In a recent statement, the American Dental Association (ADA) [declared](#) its support for the [A Stronger Workforce for America Act](#), designed to enhance workforce development and training initiatives for dental hygienists and assistants. The proposed legislation includes provisions that include individual training accounts, enhancements to community college programs, and increased state-level flexibility for workforce initiatives. This bill serves as an update to the existing Workforce Innovation and Opportunity Act, which laid the groundwork for workforce development programs.

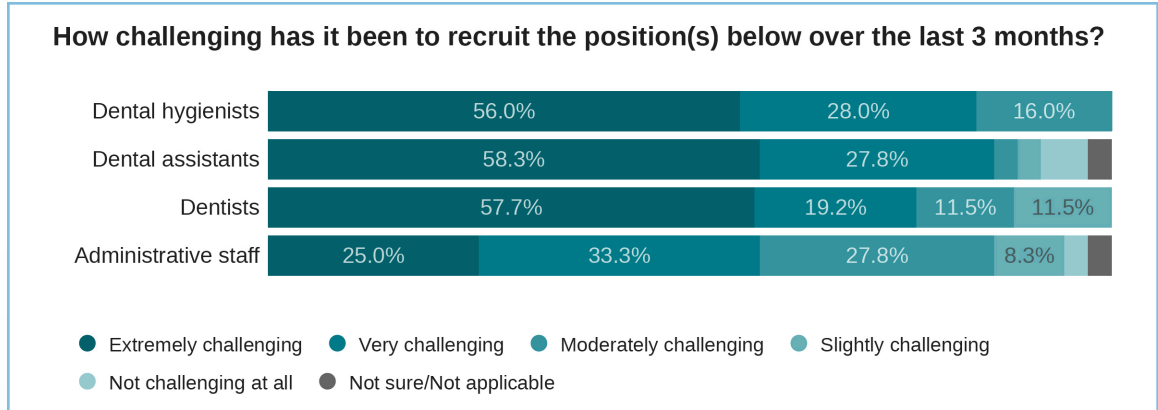
The move is designed to bolster recruitment and retention rates of dental hygienists, which remain the most challenging roles for practices to hire, according to a [report](#) by the American Dental Association's Health Policy Institute, which examined the Economic Outlook and Emerging Issues in Dentistry. The report also found that non-DSO affiliated dentists have had a significantly more challenging time recruiting dental hygienist positions than those affiliated with a DSO.



Among those affiliated with a DSO, there has been a markedly reduced challenge to recruit dental hygienists over the last 3 months, as illustrated in the chart below, though significant challenges remain.

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KEY FINDINGS (cont'd)



To alleviate these challenges, there have been several legislative moves by states as well as by dental practices, looking to address the challenges hygienists are facing in their work. One example is the N.E.W. Community Clinic in Green Bay Wisconsin, which [will add](#) dental therapists to its staff to alleviate their appointment backlogs. A dental therapist is someone in between the level of hygienist and dentist and can assist with fillings and x-rays. Wisconsin Gov. Tony Evers signed [five bipartisan bills](#) earlier this year, which included one that will allow dental therapists to be licensed. Currently, wait times in Wisconsin and other states across the country can last up to several months.

Other moves include Maine’s Gov. Janet Mills, who [signed](#) Legislative Document 2137 into law, which allows the state to join the dentist and dental hygienist interstate compact. The interstate compact increases license portability across member states for dentists and hygienists, removing the need for dental professionals to gain a license in each state. Minnesota lawmakers [introduced](#) legislation to create a \$20 million grant appropriation designated for dental hygiene and dental assisting programs.

Another move is from The Aspen Group, which [partnered](#) with the Women Employed and Midwestern Career College to launch an initiative to help low-income women join the dental workforce. The three organizations are looking to create dental assistant jobs in Chicago by providing needs-based financial assistance for program tuition and Aspen Dental will provide externships and on-site training.

Sources: Becker’s Dental and DSO Review, American Dental Association’s Health Policy Institute, NBC26, State of Wisconsin, The Aspen Group, Women Employed, Midwestern Career College, Minnesota Dental Association

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KEY FINDINGS (cont'd)

Affordable Dental sees surging demand for dental care across several states

The organization also announced a new payment option which will include dentures, implants and other services across 43 states. So far in 2024, Affordable Dental has expanded its reach to address the high demand for care among uninsured patients.

An estimated 43% of the U.S. population visited a dentist in 2021, according to the most recent [data](#) from the Health Policy Institute, which says this could be an underestimate in a March 2024 update to the report. According to the report, there are disparities in dental care use by income, as well as by race and ethnicity. The report found that cost barriers were most severe for dental care services when compared to all other types of health care services, with 13% of the population reporting cost barriers to dental care compared to 4-5% for other health care services. Also notable was that Hispanic people have the highest levels of cost barriers to dental care across all age groups.

Dental groups are responding to the increase in patient demand and there have been several notable moves in this area, including the Affordable Dental Care clinic which is [expanding](#) in Wisconsin amid high demand for care among uninsured patients by relocating to a larger facility. The move, led by Executive Director Areli Estrada, aims to accommodate a growing number of uninsured clients seeking essential dental services. The clinic's move reflects its commitment to providing affordable dental care and improving community well-being.

Affordable Dentures & Implants [expanded](#) its footprint, opening a new practice in Ross Township, Pa., marking its second location in Pennsylvania within a week. The practice offers a range of services, including extractions, dentures, and implants at its 425 locations across 42 states. In total, Affordable Care [opened](#) or affiliated with 10 dental practices across various states so far in 2024. These include Affordable Dentures & Implants locations in Robinson Township, Pa.; Warren, Mich.; Weatherford, Texas; Parkersburg, WV; Macedonia, Ohio; El Cajon, Calif.; Lewisville, Texas; Lynnwood, Wash.; and Wyomissing, Pa. Additionally, Dental Implants of Ocala, Fla., joined the growing roster of Affordable Care-affiliated practices.

Madison-based Affordable Dental Care is expanding to address a surge in patient demand, with the clinic relocating to a larger facility in October, as reported by WMTV on April 20. Founder Tom Buck highlighted the growing number of uninsured patients in line with the region's population increase, emphasizing the pressing need for accessible dental services.

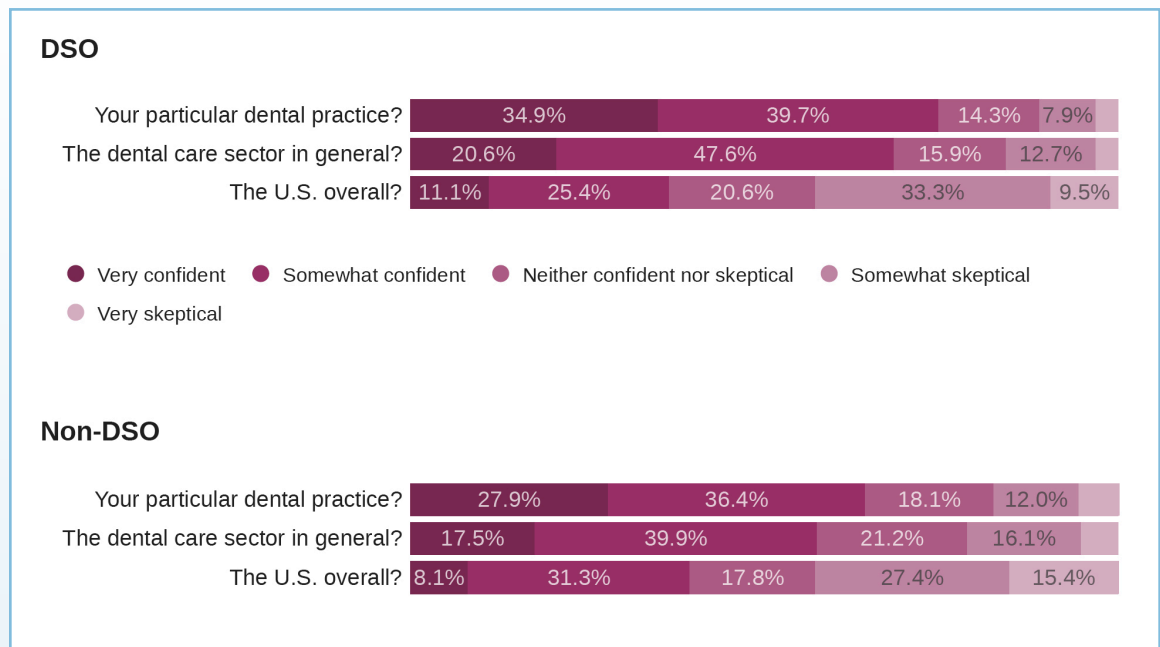
On the partnership side, Synchrony [announced](#) a partnership with Affordable Care. Under this agreement, CareCredit, Synchrony's health and wellness credit card, will be offered as a payment option at more than 450 affiliated Affordable Dentures & Implants, DDS Dentures + Implant Solutions, and Advanced Dental Implant Center dental practices across 43 states, enabling customers to finance dental implants and denture products. With dental care affordability concerns, Synchrony's study shows 58% find it unaffordable, prompting CareCredit's role in easing financial burdens.

Sources: American Dental Association's Health Policy Institute, WMTV News, Becker's Dental & DSO Review, Dentistry Today

GENERAL DENTISTRY NEWS

Dentists' confidence in the state of the U.S. economy trending upwards since early 2023

Data shows that a little more than 20% of dentists reported being “very” or “somewhat” confident in the U.S. economy in March 2023. The percentage increased to 39% for March 2024. Looking ahead over the next six months, dentists who were affiliated with a DSO reported being more confident in the economic conditions across all categories than those who were not affiliated with a DSO, as shown in the figure below.



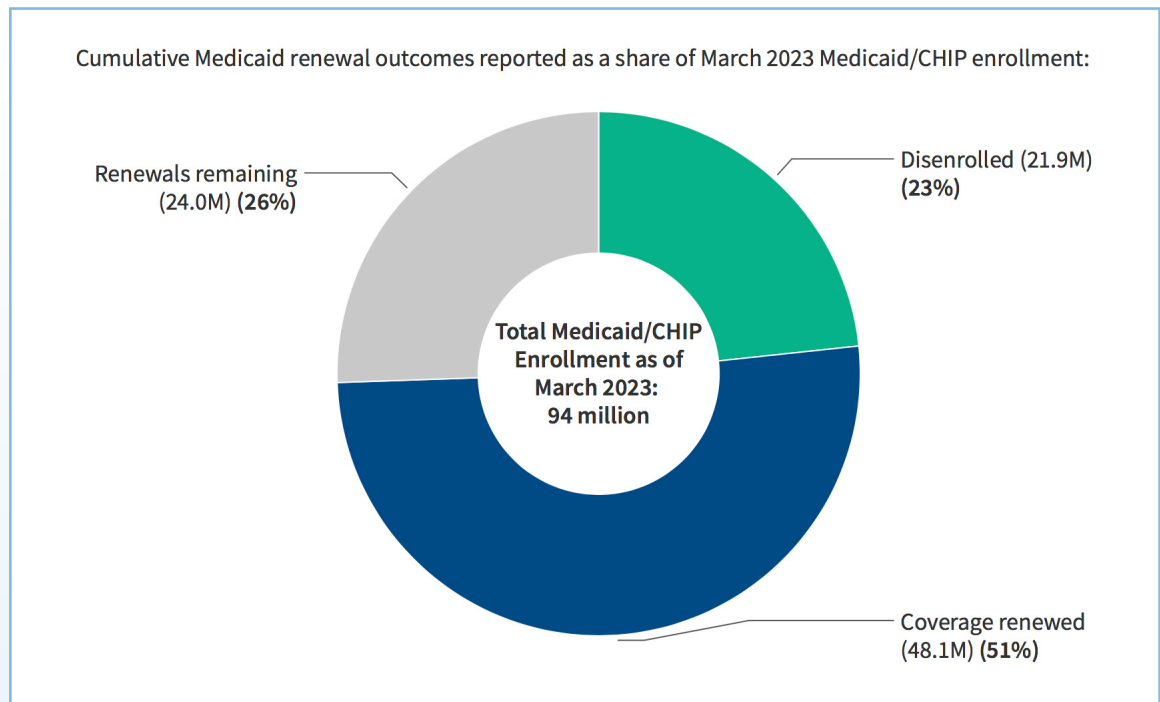
Source: American Dental Association's Health Policy Institute

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GENERAL DENTISTRY NEWS (cont'd)

The number of people disenrolled from Medicaid surpasses 21 million

As of May 10, 2024, about 21.93 million Medicaid enrollees have been disenrolled following the cessation of continuous enrollment. KFF's tracking since May 3 highlights significant shifts from the 19.2 million disenrolled by March 26. Concerns arise for dental coverage loss among over 14 million Medicaid adults during redetermination, with procedural reasons accounting for 69% of disenrollments.



Source: KFF

Nebraska Legislature approves bill that increases reimbursements for Medicaid dental services by 12.5% for fiscal year 2024-25

[LB358](#), a bill aimed at enhancing dental service accessibility for Nebraska Medicaid recipients has received final approval from lawmakers. It will increase Medicaid reimbursement rates for dental services by 12.5% for the fiscal year 2024-25. The bill passed with a vote of 47-0 and will go into effect immediately. Its passage is considered step towards addressing dental care disparities among Medicaid beneficiaries.

Source: The Nebraska Legislature

DSO EXPANSION & CONSOLIDATION

Glidewell, ProMonitoring join forces to revolutionize clear aligner solutions for dentists

[Glidewell](#) and [ProMonitoring](#) partnered on the launch of Glidewell Clear Aligners: Powered by ProMonitoring. With ProMonitoring's AI-driven software platform, the new aligners enable precise orthodontic care, enhancing patient smiles and oral health. The partnership included exclusive pricing and benefits to existing customers.

Source: Dentistry Today

DSOs expanded their footprints in California, Florida and Texas

Eleven DSOs expanded across California, Florida, and Texas in Q1 2024, with over 20 significant moves reported in the most populous states. In California, expansions included partnerships with dental practices in Redwood City, and Tustin. Florida saw acquisitions and new offices in Tampa, Jacksonville, and North Naples. Texas had the opening of new Affordable Dentures & Implants locations in Weatherford and Lewisville, among other developments. This expansion trend reflects ongoing activity in key US states, with various DSOs making strategic moves to bolster their presence in prominent markets.

Source: Becker's Dental & DSO Review

Seven DSOs expanded into new states

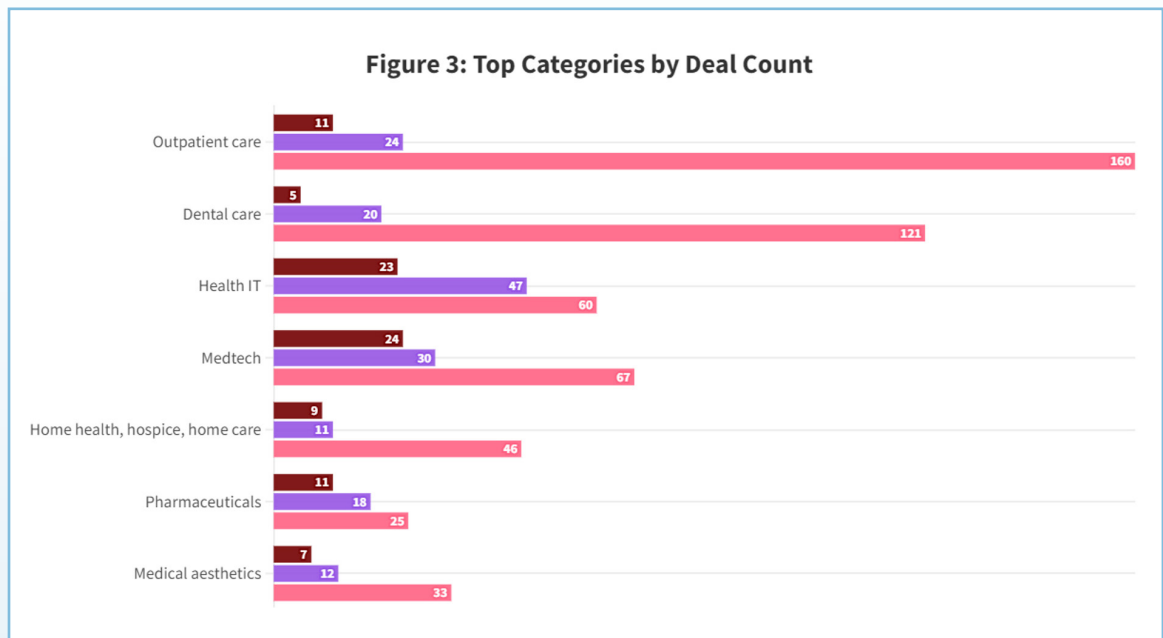
The expansions included [SPP Dental Partners](#) from Salt Lake City, which opened its first office in Idaho, [Lone Peak Dental Group](#), based in Denver, ventured into Tennessee with a four-office addition. Others included [United Dental Corporation](#), headquartered in Miami, which entered Tennessee with a new practice in Nashville, [Straine Dental Management](#) from Sacramento expanded to Florida, its 12th state, with a pediatric practice affiliation. In addition, Dallas-based [MB2 Dental](#), expanded to its 41st state by partnering with an endodontics-focused practice in Vermont, [U.S. Oral Surgery Management](#) established its first practice in Maryland, [Espire Dental](#), headquartered in Denver, made its inaugural acquisition in Texas, becoming operational in its fifth state.

Source: Becker's Dental & DSO Review

OTHER DSO NEWS

Dental care saw the second highest number of deals out of all healthcare subsectors in 2023

In 2023, dental care had the second-highest number of deals, totaling 146, as tracked by PESP. These transactions were primarily driven by five highly active platform companies, namely Specialized Dental Partners, U.S. Oral Surgery Management, Southern Orthodontic Partners, Smile Doctors, and Dental 365. Together, they executed 71 acquisitions, expanding their presence in both general dentistry and specialized fields like endodontics and oral surgery. Private equity’s escalating involvement in the US dental industry through Dental Service Organizations (DSOs) has also been notable.

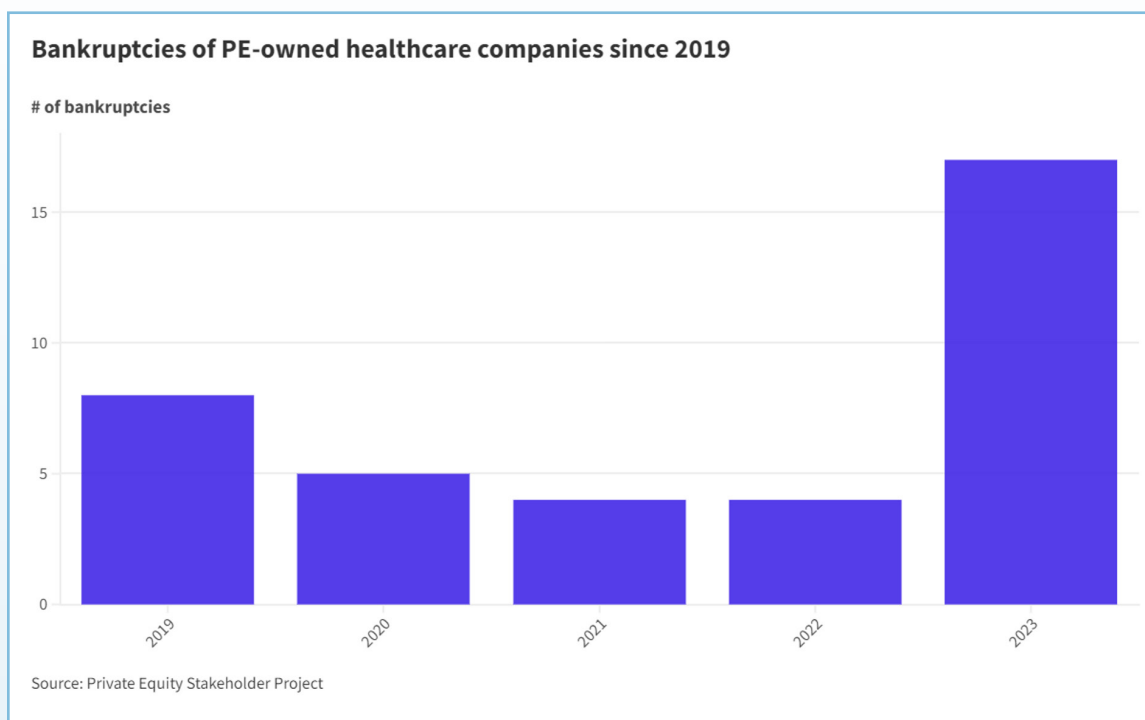


Source: Private Equity Stakeholder Project

PRIVATE EQUITY DEALS

Private Equity Healthcare Bankruptcies are on the Rise

Private equity healthcare bankruptcies are increasing, with 21% of companies owned by private equity firms filing for bankruptcy in 2023. High debt levels, rising interest rates, soaring labor costs and aggressive financial strategies are contributing to this trend, posing risks to companies. Notable bankruptcies include Air Methods, Envision Healthcare, American Physician Partners, and SmileDirectClub. Researchers anticipate another wave of private equity-driven distress in the healthcare sector, intensifying concerns for essential healthcare resources.



Source: Private Equity Stakeholder Project

Endodontic Practice Partners receives \$20M debt facility expansion

To fuel expansion plans, Nashville-based [Endodontic Practice Partners \(EPP\)](#) secured an increased senior debt facility from TPG Twin Brook Capital Partners, raising \$20 million. Plans include new affiliations with endodontic practices, driving market penetration, and funding key business initiatives. The company exclusively focuses on affiliating with endodontic practices in defined market areas.

Source: Endodontic Practice Partners

PARTNERSHIPS AND INNOVATION

Heartland Dental implements VideHealth's AI across its 1,700+ practices

[Heartland Dental](#) partnered with [VideaHealth](#) to implement VideaAI, a dental AI platform that aims to improve patient care while maintaining clinical autonomy. VideaAI's features include personalized patient communication tools, analytics for operational improvement, and video-based training modules for staff education. This partnership successfully completed the rollout in under 10 weeks.

Source: Heartland Dental

Robotic dentistry market expected to surpass \$1B by 2030

The robotic dentistry market is projected to reach \$1.1 billion by 2030, growing at a CAGR of 16.9% from 2024 to 2030. The market is driven by the demand for minimally invasive procedures, the increasing prevalence of dental diseases, and technological advancements in dental robots. The most significant opportunities are in dental implantology and endodontics, according to the report.

Source: Research and Markets

LITIGATION

UnitedHealth offers to notify affected patients after Change Healthcare hack

A February hack on Change Healthcare caused many dentists to lose the ability to send electronic claims and attachments to insurance companies, leading to delays in payments. UnitedHealth said that it paid a ransom to the hackers in order to prevent patient data from being disclosed. The U.S. Department of Health and Human Services Office for Civil Rights published a [webpage](#) on April 19 to share answers to frequently asked questions concerning Health Insurance Portability and Accountability Act rules and the cybersecurity attack.

Source: UnitedHealth

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LITIGATION (cont'd)

Dental practices hit with cyberattacks in various states

The Cyberattacks were announced on March 28 and included a [security breach](#) at Northern Virginia Oral, Maxillofacial and Implant Surgery which may have affected patient data. Phoenix-based Risas Dental & Braces experienced a data breach that may have involved the protected health information of its patients. The dental group said it [discovered](#) evidence of unusual activity on its systems in July 2023 and an investigation determined that certain files stored on the practice's information systems may have been downloaded without authorization. Fayetteville, N.C.-based Village Family Dental experienced an attack on its network which potentially impacted patient data on Nov. 17. An investigation revealed that the potentially compromised data included full names, patient ID numbers, provider names, addresses, dates of birth, chart numbers, telephone numbers and email addresses.

Source: Becker's Dental & DSO Review

STAFFING

ADA advocating for legislation that would improve training programs for hygienists, dental assistants

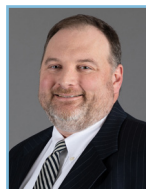
The ADA has sent letters to the House and Senate advocating for [A Stronger Workforce for America Act](#), which is aimed at strengthening workforce development for dental hygienists and dental assistants. The bill proposes individual training, to improve community college programs for hygienists and assistants and to give states more flexibility to create workforce programs. This legislation is seen as a step towards improving the dental workforce pipeline and increasing access to dental care.

Source: American Dental Association, ADA News

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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