

Dental/DSO Industry Newsletter

Dental/DSO Industry Market Intelligence

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INDUSTRY SPOTLIGHT

Interview with Sami Webb, DDS, MS, Chief Executive Officer of EPIC4

Conceived and founded by 16 doctors, EPIC4 is a unique entity—a Specialty Partnership Organization where dental specialists can maximize potential at all stages of their life and practice.

Forming EPIC4 was something of an epic M&A, involving a merger of 26 dental specialty organizations with a total of 56 orthodontic & pediatric practice locations in 14 states. With Benesch’s guidance, the company successfully navigated pre-, during, and post-merger matters, including everything from ownership and structure decisions to payoffs and transactional requirements to employment contracts and profit-sharing agreements. Next up for the team: enabling ongoing growth as more practices join the EPIC4 partnership.

At EPIC4, their focus on associate partners and providing exceptional care for patients is evident in their approach, and we are excited to witness their growth and success.

To view EPIC4’s full launch press release, [click here](#).



Tell me more about EPIC4.

EPIC4 is a doctor-founded, doctor-centered Specialty Partnership Organization that is focused on four pillars: E – Equity and Wealth Generation; P – Practice Life Balance; I – Integration and Collaboration; C – Clinical and Managerial Autonomy. These pillars were designed by our founding doctors based on what they wanted in a journey. EPIC4’s founders had been collaborating as members of a prestigious orthodontic study club where several founding members served in board positions. This network served as a springboard to launch a new company that would serve specialists in a way the industry had not seen before.

How did you start working with Benesch?

We were referred to Benesch by Chris McClure with Aligned Dental Partners (ADP). ADP helped us to create the business plan and strategy and ultimately helped to launch the business of EPIC4. Benesch is our trusted legal advisor along the way.

Which attorneys are you working with?

We have primarily worked with Rob Marchant, but several other members of the Benesch team assisted with the merger. Rob has been a great partner to EPIC4 and collaborates with our internal team and founders frequently.

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INDUSTRY SPOTLIGHT (cont'd)

Interview with Sami Webb, DDS, MS, Chief Executive Officer of EPIC4

What kind of work is Benesch doing for you?

Rob has helped EPIC4 every step of the way in bringing together our group of 26 orthodontic/pediatric practices. Pre-merger he advised on ownership, structure, due diligence, documentation, etc. During the merger, he facilitated the lien releases, payoffs, transaction documentation, bank documentation, etc. Post-merger, Rob continues to be an integral part of the EPIC4 team while assisting with leases, employment contracts, and profit-shares agreements. Most recently, Rob has been an integral part of our acquisition process as we add new practices to EPIC4.

What do you like about working with Benesch?

Though Rob was referred to us by our advisors, he comes with a completely unbiased opinion on how things should be done—often conflicting with the advice of the advisors! He shows such a high level of integrity through his position on doing the right thing—not necessarily the popular thing. Pre-merger and during the merger, Rob was available day or night for our group and the founders—weekends as well. He truly has been an invaluable part of our EPIC4 team. He certainly can bring a needed levity to the legal aspects of issues that we've never encountered.

What value does Benesch bring to EPIC4?

We would not be merged in less than one year without Rob Marchant and Benesch. His preparation, work, and guidance led to our success in moving through the process of putting this company together. As I said before, Rob and Benesch have been committed to the success of EPIC4, no matter what time day or night. We are so excited about our future, and Rob has shown his commitment to being a trusted partner in our journey.

What is challenging about your work?

We are in the early stages of a merger so we are transitioning systems, policies, etc., which can come with challenges. However, we have so many opportunities on the horizon with new acquisitions that we are celebrating successes over any small growing pains. And those pains are reduced as we build out our internal team. Further, there is so much excitement about our growth and the journey ahead.

What is on the horizon for EPIC4?

Growth and collaboration. We are making acquisitions and have a strong pipeline of prospects to follow. In addition, our merged practices and founders are benefiting from collaboration on best practices both clinically and administratively.

Anything else you'd like to add?

Kudos to Rob and the team at Benesch for their partnership, experience, and commitment to the team at EPIC4. We'd recommend Rob and Benesch to any potential client looking for a legal counselor in multi-site healthcare.

CALENDAR OF EVENTS

JANUARY 2024

On Demand Webinar: looks at how one AI tool is expanding dental workflows

This on-demand webinar looks at what AI means in today's dental imaging software, including how AI can directly impact clinical imaging workflows. This webinar also looks includes how to:

- Define how AI can enable practice efficiency in your day-to-day;
- Explore the 2D and 3D features within the DTX Studio software; and
- Learn how to apply the AI features within your digital workflows.

For more information, please [click here](#). June 21-22, 2024

Dentistry's Role in Complete Health: We Make People Healthy!

In this ADA symposium, attendees will learn how dentistry can change the trajectory of the nation's health and prevent chronic disease. The event will be held at ADA HQ in Chicago on Friday 8 a.m. - 5:45 p.m.; Reception 5:45 - 6:45 p.m., and Saturday 8 a.m. - Noon.

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

OCTOBER 17 - 19, 2024

SmileCon 2024

Registration for SmileCon 2024, the ultimate event for dental professionals, opens May 8, where you can join dental professionals in New Orleans.

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

Vince Nardone



Vince Nardone

Partner and Co-Chair, Dental/DSO Industry Team

Vince focuses his practice in the dental and healthcare sectors. He works with dentists, dental practices, dental schools, dental support organizations, dental laboratories, physicians, other healthcare providers, as well as companies servicing and supporting the dental and healthcare industries. He also works with financial groups, including private equity firms that invest in the dental, physician, and overall healthcare sector.

What Vince wants you to know about the dental (or DSO) industry as we head into 2024: The buys and sells of dental practices will continue to be robust in the dental industry in 2024. With baby boomers and others looking for an exit, succession planning is top of mind. With that said, however, 2024 will also prove to be an interesting year with the economy and interest rates in flux. We will have some new DSOs enter the market, some DSOs leave the market, others will consolidate, while certain well-established and well-positioned DSOs will continue to grow. The one thing for sure, however, valuations will continue to be impacted by the economy and the interest rates, and we will continue to see a slowdown in the exits and what many refer to as the recapitalization events for certain DSOs. What may have been expected by many, may not happen, at least for some time. The interest rates will cause some buyers to pause, and others to leave the market, thereby leaving DSOs with less options for their planned exit, and transition. The good news, however, is that individual and group practices that are looking to sell to other individual doctors that are looking to buy will continue to be strong in 2024.

When Vince isn't practicing law, he is: Spending time with his family and friends, enjoying a workout, or running to one of his children's sporting events or other activities. Vince loves being present in the moment, recognizing life is short, and giving back to his community whenever possible.

Vince's favorite restaurant: Tucci's in Dublin, Ohio. Great place, great food, and great service. Just one of those small neighborhood go to places.

The best thing about being a dental industry attorney: The people, and specifically the dentists. I cannot find another profession where the professionals are more authentic, caring, entrepreneurial, and creative when it comes to the dentists that we work with. I spend 100% of my day working with dentists and enjoy every minute of it.

KEY FINDINGS

Future of dentistry to include interconnected approach to whole health

More partnerships across the dental industry will link more specialty services to focus on preventative care that improves overall patient health.

Advancements in technology will bring care that is more personalized, preventative, and holistic dental care, and an acceleration in partnerships across the industry will shape how this care becomes more accessible to patients. One example of this trend is the [Healthy Smiles, Healthy Hearts](#) initiative, which is a partnership with the American Heart Association in [collaboration](#) with Delta Dental. The initiative focuses on how oral health clinicians can help with early detection of heart disease. Delta Dental said its goal is to improve the total health of patients nationwide by expanding access to more integrated, equitable care with the aim to improve the overall health and well-being of patients.

“Oral diseases can significantly impact systemic health, and preventive oral care routines are critical to reducing associated health risks, including cardiovascular conditions,” said Daniel W. Croley, DMD, Chief Dental Officer for Delta Dental. [According](#) to the CDC, approximately 27 million patients see their dentist each year who may not necessarily see their primary health provider. Dental providers have an opportunity to educate patients about their ability to offer early detection of chronic disease, including hypertension and oral cancer. Delta Dental will work with two organizations to integrate heart health, and blood pressure screenings into its dental health practices nationwide, as well as referrals to primary care.

The recognition that dental care is important in overall care is also gaining traction in other forms. In what’s been called “an unprecedented move” Ohio state lawmakers introduced [House Bill 336](#), which aims to tackle age discrimination in Medicaid dental care coverage. Representatives Adam Miller (D-Columbus) and Jean Schmidt (R-Loveland) initiated the bill after both young and elderly Medicaid patients were denied dental coverage due to age-based biases. The decision to deny coverage to young patients due to their teeth being temporary, and to older patients due to advanced age, has [sparked controversy](#) and the legislation could influence Medicaid policy to include more equitable dental access for other states as well.

The Biden Administration has also [made moves](#) that could make dental care more accessible to those who buy health insurance on the Affordable Care Act market. The CMS in Nov. 2023 [proposed](#) that states could include dental services as an essential health benefit, that will likely benefit many underserved communities, which could lead to improvements in the overall health of Americans.

Sources: American Heart Association, Delta Dental, CDC, Statehouse News Bureau, Ohio State Legislature, CMS, Axios

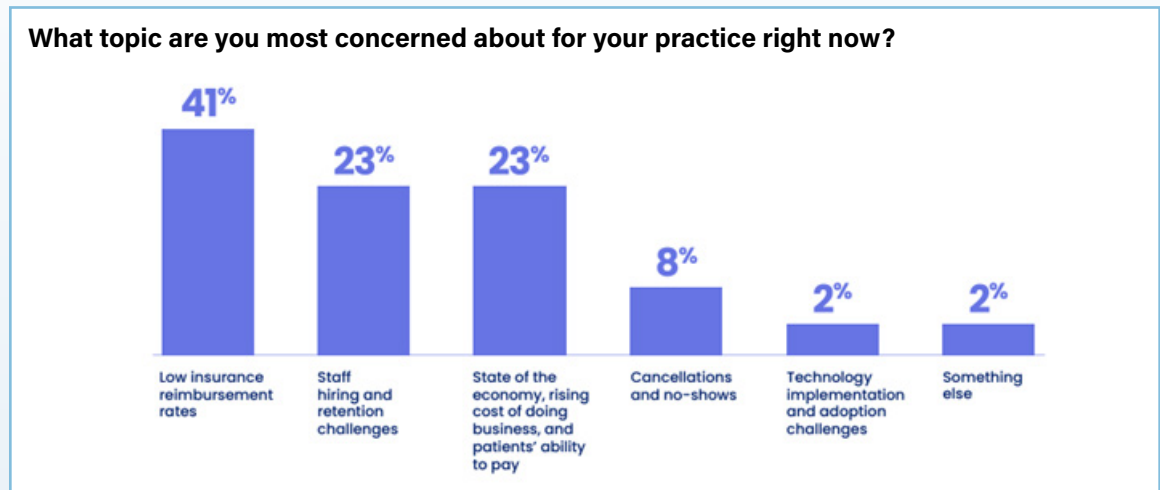
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KEY FINDINGS (cont'd)

Survey highlights economic resiliency of DSOs, despite economic challenges

Economic challenges have affected dental practices in two fundamental ways in recent years. Persistently high inflation and the demand for higher wages, which has sparked staffing challenges and turnover. This combined with low insurance reimbursement rates have added to the pressure. Despite these challenges, dental practices are seeing unprecedented demand and growth. New technologies are making it possible to provide more personalized care, and better access to financial innovations that will allow more patients to access dental care.

A [survey](#) of 400 dental professionals from Aug. 1-Sept. 8 2023 found that, compared to 2022, patients are becoming more proactive in seeking financing options, with 71% reporting that patients are seeking these options more often than before, and they are exploring financial options to include more of their dental needs. Among practitioners, low insurance reimbursement rates were their predominant concern due to increased financial strain. Around 35% also said that they plan to take this reimbursement issue in their own hands by working with fewer insurance companies in the future.



Despite these challenges, 60% of respondents reported revenue growth, which have been due to innovation over the past year. Technology adoption was reported to have been implemented by 43% of respondents in the past year, and more intend to introduce technologies in the next year or determine their future plans.

AI is [emerging](#) as a factor that could transform dental practices in the future, and investors have made [\\$31.5 billion in equity funding](#) in healthcare AI since 2019, which could continue to influence the industry as more than 1,500 AI vendors become increasingly embedded within practices and across DSOs.

Sources: Sunbit, Forbes, CB Insights.

GENERAL DENTISTRY NEWS

Massachusetts to implement medical loss ratio for dental insurers in 2024

WPRI.com

Dental insurance carriers in Mass. will now be required to spend 83% of a patients' premium payments on patient care, rather than profits, salaries, or other administrative costs The American Dental Association said will result in better value for patients from their premiums.

PepperPointe CEO shares perspective on the state of the dental industry

Dentistry Today

Dr. Greg White, president and CEO of PepperPointe Partnerships said that practicing dentists who are affiliated with DSOs increased 50% over the past five years, while DSOs grew an average of 145%. He said that with this trend, there is a risk that without true ownership, private equity's entrance into the dental space could negatively impact patient care and diminish community presence in the areas that the practice serves. His view is that doctor-controlled DSOs are unique in how they preserve independent patient care.

DSO EXPANSION & CONSOLIDATION

MB2 Dental reached a practice milestone in 2023, plans to continue expanding in 2024

MB2 Dental opened its 600th practice in August 2023, which it said it [reached](#) through a combination of practice affiliations and de novo practices. MB2 Dental uses the dental partnership organization (DPO) model, which now includes more than 1,200 dentists whose mission is to preserve private practices nationwide. The 600th practice is Highland Creek Family Dental, which has plans to serve the south Lafayette community.

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DSO EXPANSION & CONSOLIDATION (cont'd)

Mb2 dental raised \$2.344b unitranche debt facility with kkr

mb2 dental

The dpo will use the financing to fund upcoming acquisitions and future growth for the Company, which follows a record year of growth with 150 new partnerships in 2023. Dr. Chris Steven villanueva, founder and ceo or mb2 dental, said the new financing will further Accelerate its nationwide expansion. He said they are seeing unprecedented interest in our Partnership model which empowers dentists to preserve their profession by ensuring clinical Autonomy and providing resources and support to their doctor owners.

Dental Care Alliance appoints Jason Heffelfinger as CEO after 2023 milestones

Dental Care Alliance

Jason Heffelfinger joined as its new CEO, while Jerry Rhodes was named Executive Chair of the Board of Directors, stepping down from CEO. Heffelfinger most recently served as Chief Services Officer for Petco, where he led the fastest-growing vet hospital buildout in the industry. DCA [surpassed](#) 400 practices in March 2023, and has made several practice affiliations and opened de novo offices, growing its footprint in Wis., Ga., Del., Virg., Mass., Ill., N.J., and Ariz. As well as its first R.I. office.

A roundup of notable DSO acquisitions in 2023

Becker's Dental & DSO Review

Becker's posted a roundup of the top DSO acquisitions in 2023, which included the following U.S. transactions:

- Dental265 [acquired](#) a six-location group practice in Pennsylvania in Sept. 2023.
- Sage Dental [opened](#) its 100th practice in June.
- Nashville-based Montecito Medical [acquired](#) a medical office property that is occupied by three provider groups, including Smile Doctors.
- Alpharetta, Ga.-based Foundation Dental Partners [acquired](#) 10 practices in Tennessee and Kentucky.
- Irvine, Calif.-based Cornerstone Dental Specialties acquired six endodontic dental practices.
- Sonrava Health, a multispecialty health and wellness company, [acquired](#) 24 dental practices in three states.
- Sacramento, Calif.-based Straine Dental Management [acquired](#) six dental practices in three states.
- National Dental Healthcare REIT, a dental real estate company, [acquired](#) eight dental properties in Texas, Indiana, Georgia, South Carolina, Kentucky, Missouri and Alabama in Jan. 2023.

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DSO EXPANSION & CONSOLIDATION (cont'd)

- Montclair, N.J.-based Freedom Dental Partners [acquired](#) New York City-based Dntl Bar. in April 2023.
 - Dallas-based Smile Doctors [acquired](#) Grinz Orthodontics in April 2023.
 - Espire Dental, an integrated dental organization, [acquired](#) La Costa Dental Group in Encinitas, Calif. in Feb. 2023.
 - P&R Dental Strategies [acquired](#) sister companies Dentist at and go2dental.com to improve its services and options for customers in Jan. 2023.
 - Sarasota, Fla.-based DSO Dental Care Alliance was [acquired](#) by Mubadala Investment Co., a sovereign investor based in the United Arab Emirates in Jan. 2023.
 - Dental software company Planet DDS [acquired](#) Cloud 9 Software from investment firm Accel-KKR.
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OTHER DSO NEWS

DSOs expected to focus on key geographies, add more specialty services amid increased demand

Becker's Dental & DSO Review

According to DSO leaders, several industry leaders are adjusting their growth strategies to focus on building density in key strategic areas as they deal with ongoing economic pressures in 2024, which include inflation, staffing challenges and increased demand. There are some key themes that have emerged that DSO's are focusing on in the coming year, which includes building up market density in strategic areas where there is already an established practice. Another key theme is that DSOs are searching for more ways to support general dentistry by adding specialty practices.

Benesch's client U.S. Oral Surgery Management adds 8 practices in 7 states

Becker's Dental & DSO Review

Benesch was thrilled to help U.S. Oral Surgery Management expand its network in California, Colorado, Oregon, Michigan, Mississippi, South Carolina, and Texas, and now supports practices across 26 states. In 2023, the DSO added 21 new associates and 25 practices. The recent expansions will help the organization continue its growth heading into 2024.

PRIVATE EQUITY DEALS

Oral Surgery Partners gets \$400M credit expansion to pursue more add-on partnerships

Oral Surgery Partners

Oral Surgery Partners (OSP), an oral surgery management group backed by Sheridan Capital Partners, closed a \$400+ million credit expansion to build on existing success in partnership with funds managed by Neuberger Berman and Aquarian Investments. OSP will use the funds to continue investing in infrastructure and to pursue add-on acquisitions and partnerships nationwide. In 2023, OSP added 17 practices across 11 states and recruited several new surgeons to join the platform.

HGGC announced growth investment in Dentive

HGGC

HGGC is a leading middle-market private equity firm, which announced the strategic investment in Dentive, a founder-run DSO which provides management services to entrepreneurial, doctor-run general and specialty dental practices primarily in the western U.S. Dentive says its unique doctor-led, partnership approach differentiates its business model and its relationship with HGGC will allow them to take their business to the next level.

Peerlogic raises \$6.65M in funding to expand AI-driven conversational dental technology

Peerlogic

The \$5.65 million Series Seed equity fundraising round was led by AZ-VC, and included In Revenue Capital, Cervin Ventures, Singularity Capital, and Revere Partners. The secured funds are poised to propel Peerlogic into its upcoming phase of expansion, fueling its commitment to revolutionize the dental industry through its conversational dental AI technology.

Cathay Capital announces investment in Parkview Dental Partners

Cathay Capital

Private equity firm Cathay Capital said the investment in the DSO is the inaugural North American investment from Cathay's Growth Private Equity Fund Small Cap IV. Cathay's investment, in partnership with Parkview's management team, will accelerate the company's expansion in Florida's \$9 billion dental services market.

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PRIVATE EQUITY DEALS (cont'd)

Martis Capital and Din Ventures make investment in Archway Dental Partners to support growth

Martis Capital

Martis Capital, a healthcare-focused private equity firm, and Din Ventures, announced an investment in Archway Dental Partners, a dental platform which aims to become a leading multi-specialty dental provider in New England and the Northeast. Archway Dental was launched in 1971, in partnership with Dental Associates of Connecticut, and now supports 70 dentists across 23 locations in Conn. To provide integrated oral healthcare across its dental specialties.

PARTNERSHIPS AND INNOVATION

VideaHealth earns FDA clearance for 30+ AI algorithms

Dental AI company VideaHealth has received FDA clearance for Videa Dental Assist, which includes more than 30 AI algorithms as well as expanded AI detection capabilities for common dental diseases. The applications include periapical radiolucency's, calculus, pediatric caries detection for those 3 and older and work to increase workflow efficiencies, which will save time for practices.

Heartland Dental partnership with AI provider will enable largest dental AI footprint

Heartland Dental

The DSO selected dental AI provider VideaHealth as its preferred dental AI partner after a collaborative multi-year evaluation between the two companies. VideaHealth's focus on the dental clinician and leading product capabilities, as well as its ecosystem strategy and partnership with Henry Schein One, were critical factors for the decision, according to Heartland Dental. President Pat Bauer said this collaboration enhances its clinical and operational support and accelerates its innovation in Revenue Cycle Management.

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PARTNERSHIPS AND INNOVATION (cont'd)

Teledentistry.com and OrthoFX collaborate to support SmileDirectClub Patients Post-Shutdown

Teledentistry.com

The collaboration will offer a seamless transition that will allow SmileDirect Club customers to continue their dental care in a reliable setting. The collaboration comes in response to the announced shutdown in Dec. 2023, which was around 3 months after filing for Chapter 11 bankruptcy. After the company ceased its operations, many of its more than 2 million customers who have turned to the company in the past decade have been [left in the lurch](#). More information on how SmileDirectClub patients can continue their treatment with OrthoFX can be found [here](#).

LITIGATION

Align hit with class-action suits over anticompetitive conduct

Northern District of California

According to a news release by the U.S. District Court for the Northern District of California, two dental practices filed a class action against Align Technology, alleging it engaged in anticompetitive conduct. Align has denied the accusations, which include claims that consumers paid more than they should have for aligners directly from the company, among other claims. The trial is set to begin on May 13, 2024.

ProSmile experiences data security incident

The 80-office, N.J.-based DSO experienced a data security incident in July 2023, which involved an email tenant, and exposed personal and protected health information. After the incident took place, an investigation confirmed that some protected health information may have been accessed or acquired without authorization.

STAFFING

Three dental roles ranked among the best healthcare jobs in the U.S. for 2024

U.S. News & World Report

According to the ranking of the best health care jobs list, three dental roles were included in the ranking due to their future prospects, wage potential, employment, job stability and work/life balance. The jobs and their ranking included:

- #8 – **Oral and maxillofacial surgeon**, with an average salary of \$239,200, with a projected 200 jobs on the horizon.
- #17 – **Dentist**, with an average salary of \$155,040 and a projected 6,000 jobs.
- #18 – **Orthodontist**, with an average salary of \$174,360 and a projected 300 jobs.

Salary survey finds 57% of associate dentists may seek new jobs by 2025

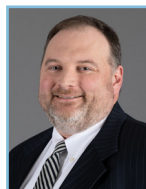
Dental Post, 2024

According to the [2024 Dental Salary Survey](#), more than half of associate dentists are considering applying for a new job before 2024. This comes despite significant hourly wage increases among associate dentists, dental assistants, and front office associates/receptionists. Overall, the salary increases haven't corresponded to their average workweek hours, which were lower in 2023. Turnover was significant for these positions in 2023, a trend that is expected to continue. Across all positions, nearly 45% of respondents are considering a job change in 2024, and 12.4% said they plan to retire within three years, including 13.83% of dentists.

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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