



Q2 2023

# Dental Industry/DSO Newsletter

Dental Industry/Dental Support Organizations Market Intelligence

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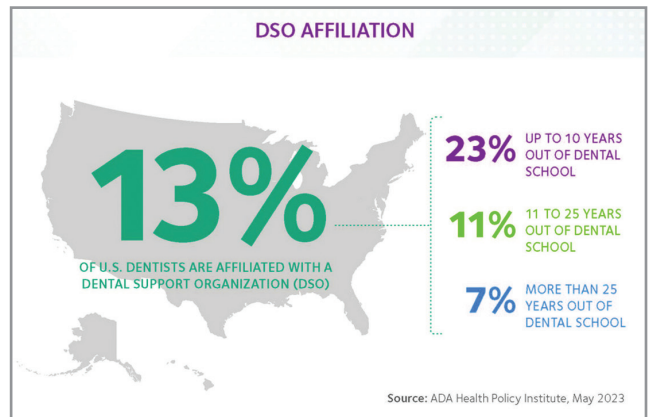
## Top Stories

### Younger Dentists are Affiliating with DSOs at Higher Rates in the U.S.

*Financial constraints, stronger need for work/life balance is driving this trend*

The ADA Health Policy Institute (HPI) [released](#) data in May that found 13% of dentists in the U.S. had affiliated with a DSO organization in 2022, and for dentists less than 10 years out of dental school, the rate was significantly higher, at 23%. The current data is up from a rate of 10.4% in 2019 and 8.8% in 2017. Marko Vujcic, Ph.D.,

ADA chief economist and vice president of the Health Policy Institute, said that the updated data reflect changing practice modalities. Dentists are increasingly affiliated with DSOs, and favoring group practices over solo ones.



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## Top Stories (continued)

The updated data includes all practicing dentists in the U.S. who HPI determined had at least one practice location address that encompassed 191,669 dentists. The U.S. data is broken out by state, career stage, specialty, and sex of dentists. [According](#) to Barry Lyon, DDS, a chief dental officer for the division of orthodontics and pediatric dentistry at Sarasota, FL-based DSO Dental Care Alliance, financial constraints, wanting a work-life balance and mentorship are all factors that could lead younger dentists to affiliate with DSOs at higher rates than older dentists.

[According](#) to Becker's Dental & DSO Review, in Arizona, Florida, Georgia, New Mexico, Nevada, and Texas, more than 30% of younger dentists are DSO-affiliated. The states that saw the most total DSO activity in 2022 were California, Florida, Texas, Illinois, and New Jersey. Other trends in the dental field and DSO consolidation in 2023 include:

- Heartland Dental is the largest DSO in the U.S., with more than 1,650 practices in its network;
- Nevada currently has the highest overall percentage of dentists affiliated with a DSO at 23%; and
- More than 75% of dentists practice at single-location offices.

*Sources: ADA Health Policy Institute, ADA News, Becker's Dental & DSO Review*

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## DSOs are Increasingly Adding AI Capabilities in Push to Improve Patient Experiences

*The AI trend was accelerated due to the pandemic, leading to improved diagnostics and shortened treatment times*

The largest DSOs in the U.S., including Heartland Dental, Aspen Dental and Pacific Dental have [continued to expand](#) through 2023, with Heartland Dental being the largest and expanding to 1,650 locations in 38 states. [According](#) to Heartland Dental, technology is the single most important factor that is changing the game in dentistry and leading to improved diagnostics, shortened treatment times, and improved patient experiences. Heartland said that AI technology in particular is being used more broadly and helping with preventative patient care. It also uses AI technology to inform practitioners of unmet treatment needs, measure decay, and improve diagnostic methods.

While AI is dominating many news cycles, Heartland is taking a thoughtful approach to how AI and technology can work for them and improve their ability to meet patient needs. There have been major announcements in recent months on AI-enhanced tools that DSOs are adding to their platforms, which include Espire Dental, a Denver Colorado-based DSO that will [add](#) Pearl's artificial intelligence technology to its network. Espire will implement Pearl's Second Opinion and Practice Intelligence software. Second Opinion detects numerous conditions in dental X-rays in real time to enhance radiologic accuracy. Practice Intelligence provides clinical performance insights to help practices evaluate clinical performance, improve operational efficiency, and increase growth.

Other announcements [include](#) Dental.com's launch of Dental Direct, a teledentistry tool designed to transform and modernize dental practices and enhance patient care. The new service aims to empower dentists to showcase their use of cutting-edge AI technology, while integrating teledentistry into their practice. In addition, North American Dental Group [selected](#) Overjet as Dental AI Partner to bring Overjet's FDA-cleared dental AI software to its network of supported dental practices. [According](#) to ADA News, the pandemic has pushed the teledentistry industry forward, and this trend is expected to continue, expanding the reach and access to care for patients, particularly those who live in remote locations.

*Sources: Heartland Dental, Espire Dental, Virtual Dental Care, Becker's Dental & DSO Review, ADA News, Overjet*

## DSO Expansion and Consolidation

### [Cornerstone Dental Specialties Acquires 6 Practices](#)

California-based Cornerstone Dental Specialties has acquired six endodontic dental practices. The endodontic group supports more than 350 general dentistry offices and 55 providers in 13 states.

*Source: Becker's Dental & DSO Review*

### [United Dental Corp. Completed a Wave of Dental Practice Acquisitions in California](#)

United Dental Corporation ("UDC"), a growing Dental Partnership Organization (DPO), announced its third acquisition tranche in June. UDC's latest partnership expands its existing presence in California and represents the company's twelfth practice acquisition since commencing its acquisition strategy in October 2022. UDC is a growing DPO exclusively partnering with growth-oriented, entrepreneurial dentists typically producing \$2M to \$5M in annual collections from a single location. The Company provides a multi-tiered exit and succession platform for its target audience, which is largely underserved by the broader DSO/DPO market. Financial terms of the transaction were not disclosed.

*Source: United Dental Corporation*

### [Image Specialty Partners Expands in California, Joining Image Specialty Partners DSO](#)

Scottsdale, AZ-based Imagen Dental Partners added Crane Mountain Dental, which has locations in Lakeview, OR, and Alturas, CA.

*Source: Image Specialty Partners*

### [Straine Dental Management Acquires Six Dental Practices in Three States](#)

Straine Dental Management, a dentist-owned, dentist-led DSO, announced the acquisition of six dental practices in Louisiana, Michigan, and North Carolina. The platform was formed in 2022 by the merger of Straine Dental Consulting and 33 practices in 11 states.

*Source: Straine Dental Management*

### [Sage Dental Announces Opening of its 100th Practice, Doubling in Size Since 2020](#)

Sage Dental, a DSO which offers general, specialty, and cosmetic dental care, among other treatments, announced that it has opened its 100th location, following its acquisition of Kendall Dental Care in Miami. As part of the company's ongoing expansion strategy to increase its presence in the Southeastern United States, this milestone represents the evolution of Sage. Since 2020, Sage has nearly doubled the number of practices in its network in Florida and Georgia and, in terms of locations, it is now the largest DSO operating in south Florida, according to the company. As the DSO continues to expand, its leadership team expects to add at least 20 more practices to Sage's network by the end of 2023.

*Source: Group Dentistry Now*

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## DSO Expansion and Consolidation (continued)

### [SGA Dental Partners Opens 100th Location After Unprecedented 2022 Growth](#)

SGA Dental Partners has grown to 100 Locations. So far in 2023, SGA has completed 13 new acquisitions, adding 15 locations and 19 new doctors in the company. The DSO [announced](#) it has recently partnered with its 100th location and is expanding its footprint across the Southeast. SGA leadership said it is focused on growing its presence in the specialty services sectors, specifically implants and periodontics, in 2023.

Source: *Group Dentistry Now*

### [United Dental Corporation \(UDC\) Expands Presence in California](#)

UDC announced its third acquisition tranche. Financial terms of the transaction were not disclosed. UDC's latest partnership expands its existing presence in California and represents the twelfth practice acquisition since commencing its acquisition strategy in October 2022.

Source: *United Dental Corporation*

### [Sonrava Health Completes Strategic Acquisition of 24 Dental Offices in Arizona, Florida and Pennsylvania](#)

Sonrava Health announced that 24 locally branded general dentistry and orthodontic offices in Arizona, Florida and Pennsylvania are the latest dental practices to join its family of wellness companies. Sonrava Health now supports 588 offices in 21 states. The new offices, previously affiliated with Pure Dental Brands, enhance Sonrava Health's existing presence in Arizona and Pennsylvania, adding 5 and 6 offices, respectively, bringing the totals in those states to 28 and 15. The transaction also provides Sonrava Health with a strategic 13-office foothold in Florida, a new market for the organization.

Source: *Sonrava Health*

### [The Smilist Management Grows to 60 Locations and Enters Delaware](#)

The new additions include:

- Wading River Complete Dental Care, Wading River, NY
- Wayne Dental Care, Wayne, PA
- Oral Health Center of Delaware, Wilmington, DE

Source: *Group Dentistry Now*

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## Other DSO News

### [Illinois Signs 2 Dental Payer Reform Bills Into Law](#)

Illinois Governor J. B. Pritzker signed into law two dental payer reform bills that will go into effect Jan. 1, 2024, which were both backed by the Illinois State Dental Society. The first bill requires insurers to notify dentists that a network they are a part of is being leased out and allow them to opt out of the new network. The second bill is designed to prohibit an insurer from requiring a dentist to incur a fee to access and obtain payment or reimbursement for services provided. Some dental insurers had been paying dentists with virtual credit cards that came with processing fees above market-processing rates.

Source: *Illinois State Dental Society*

## Other DSO News (continued)

### [Align Technology Receives Junior Achievement of Northern California's 2023 Technology Partner of the Year](#)

Align Technology, which designs, manufactures, and sells the Invisalign System of clear aligners, iTero intraoral scanners, and exocad CAD/CAM software for digital orthodontics and restorative dentistry, announced that it was named "Technology Partner of the Year" by Junior Achievement of Northern California (JA NorCal) at the Junior Achievement of Northern California 2023 Business Hall of Fame celebration event held in San Francisco. Julie Paulsen, Align Technology VP, corporate social responsibility, was nominated as a 2023 "Junior Achievement of Northern California Volunteer of the Year," and was chosen along with 11 other volunteers from among a group of 1,000 volunteers.

Source: *Dentistry Today*

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## Private Equity Deals

### [MB2 Dental Secures \\$150 Million Debt Facility and Raises \\$20 Million from Doctor Partners to Fuel Growth](#)

The company closed an amendment to the company's existing debt facility, establishing a new delayed-draw term loan in the aggregate principal amount of \$150 million. MB2 also completed a successful fundraiser for its ninth internal investment "sidecar" vehicle, totaling a record \$20 million. Since the inception of "sidecar" investments, MB2 doctor partners have invested over \$75 million to help fuel the company's growth. This equity offering allows doctor partners to invest alongside the company—a long-standing opportunity made exclusively to this group as part of MB2's unique doctor-centric model.

Source: *MB2 Dental*

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### [Proclaim Fills \\$15M Series B for Home Teeth Cleaning](#)

Proclaim's Custom-Jet Oral Health System raised \$15 million in Series B funding for its Custom-Jet Oral Health System, which looks a bit like a SCUBA diver's mouthpiece and is connected to a "hydro station" so that it can pulse 60 jets of pressurized water into a user's mouth over the course of seven seconds. Each mouthpiece is 3D printed according to an individual's mouth, with the aim of directing the plaque and bacteria-shifting fluid to exactly where each person needs it according to their anatomy. Proclaim isn't intended to replace brushing, but to work in conjunction with it. Proclaim claims that using its jet system alongside your regular brush is clinically proven to be 10 times more effective for reducing gum bleeding, nearly 13 times more effective for reducing gum inflammation and almost eight times more effective in reducing plaque buildup when compared to daily brushing and string flossing.

Source: *TechCrunch*

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### [Advanced Dental Brands Receives Growth Investment](#)

H.I.G. Capital announced that one of its affiliates completed a growth investment in Advanced Dental Brands, LLC. ADB was founded in 2007, and is a leading dental partnership organization (DPO) in the Northeast U.S. The Company currently serves almost 40 practices, providing general dentistry as well as specialty services including orthodontics, endodontics, prosthodontics, periodontics, and oral surgery. H.I.G. is a leading global alternative investment firm with \$56 billion of equity capital under management.

Source: *H.I.G. Capital*

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## Private Equity Deals (continued)

### [Texas-based Phase 1 Equity Added its First Texas Practice](#)

Phase 1 Equity, a doctor-owned, doctor-led, and doctor-governed DSO for orthodontists and pediatric dentists, announced that Hart Orthodontics of Cleburne, TX, has joined its platform as its first Texas practice. Phase 1 Equity will provide financial and operational support to streamline and scale Hart Orthodontics, while enabling the team to focus exclusively on continuing to deliver patient care to the Cleburne community. Partnership with Phase 1 Equity will provide Hart Orthodontics with resources usually reserved for larger, private equity-backed DSOs without having to sell the practice or give up operational or clinical control.

Source: *Phase 1 Equity*

### [HighFive Healthcare Secures \\$100 Million Investment Led by Norwest to Fuel Growth of Oral Surgery and Endodontic Practices](#)

HighFive Healthcare, a specialty dental partnership organization focused on endodontics and oral surgery, announced that they have closed a \$100 million growth investment. The strategic investment and partnership will enable HighFive to continue its growth across the U.S. HighFive experienced rapid growth in 2022, doubling its practice size through the acquisition of partnering practices and organic growth, and this momentum has continued in 2023. From 2021 to 2022, HighFive's headcount increased by 142% and annual revenue increased by 150%.

Source: *HighFive Healthcare*

### [Southern Orthodontic Partners Expands into Three New States \(KY, IN, MS\), Partners With Six Locations](#)

The locations include:

- Jennings Orthodontics, Louisville, KY
- Corboda Orthodontics, Orlando, FL
- Periago Orthodontics, New Albany, IN
- Hodges Orthodontics, Tupelo, MS
- Gupta Orthodontics, TX
- Cassidy Orthodontics, Topeka, KS

Source: *Group Dentistry Now*

### [Heartland Dental Grew its Network of Supported Practices in Three States](#)

The DSO added the following locations:

- Avid Dental, Lindenhurst, IL
- Imperial Dental, Bonita Springs, FL
- Complete Smiles Dentistry, Coppell, TX

Source: *Group Dentistry Now*

### [Affordable Care, the Largest DSO in the U.S. Opened Three New Practices](#)

The DSO, exclusively focused on tooth replacement care, announces the grand openings of the following locations:

- Affordable Dentures & Implants, North Fort Worth, TX
- Affordable Dentures & Implants, Huntersville, NC
- Affordable Dentures & Implants, Fishers, IN

Source: *Group Dentistry Now*

## Partnerships and Innovation

### [DSO Tech Solutions Launches to Connect DSOs with Dental Tech Companies](#)

DSO Tech Solutions, a division of Cellerant Consulting Solutions, launched a program that helps DSOs connect with dental technology companies to integrate dental innovations. The program is free for DSOs, and technology implementation is paced regionally and managed by Cellerant, reducing risk for DSOs. Dental technology companies are reviewed by DSO Tech Solutions and Cellerant based on their potential ability to benefit DSOs before being added to the program.

*Source: Becker's Dental & DSO Review*

### [Bill to Launch Dental Care Pilot Program for Veterans Introduced to Congress](#)

Senator Bernie Sanders (I-Vermont) joined with Rep. Julia Brownley (D-CA) to introduce [HR 4150](#), the Improving Whole Health for Veterans with Chronic Conditions Act, which would improve and expand access to dental care for veterans throughout the country. The legislation would establish a new pilot program to provide comprehensive dental care to veterans diagnosed with diabetes and ischemic heart disease. Funded for four years, the program is designed to also study the health outcomes and cost-effectiveness of such care, as well as provide loan reimbursement opportunities for qualified dental care professionals who agree to serve for the duration of the pilot at a VA dental clinic deemed high need.

*Source: Vermont Biz*

### [SmileDirectClub Launches AI Guided Platform](#)

The AI-guided platform by SmileMaker that shows patients' projected treatment outcomes, was piloted in Australia last year. The platform allows patients to use their phone's camera to capture 3D scans of their teeth, bite and alignment and receive a look at their potential new smile within minutes. Patients can then provide more scans through the company's at-home impression kit or local offices. The information is then uploaded to SmileDirectClub's virtual platform for review by a state-licensed dentist or orthodontist to determine candidacy for clear aligner therapy. According to a company survey, 85% of respondents who downloaded the app said they were more likely to continue treatment after seeing their potential results on the platform.

*Source: Becker's Dental & DSO Review*

### [Sensory-Adapted Dental Clinic Reduces Stress in Autistic Children](#)

A [study](#) at the University of Southern California (USC) in Los Angeles sought to examine the effect of a sensory-adapted dental environment (SADE) on the physiological stress of autistic children. Researchers found that certain visual, auditory, and tactile sensory adaptations help create a less distressing oral care experience for autistic children, which enabled their dental care. According to the World Health Organization, approximately one in 100 children worldwide have autism. Due to their sensory differences, autistic children often have poorer oral health and greater oral care challenges compared with children with more typical neurological development. The researchers of the study believe that it is crucial to improve their oral care experiences to address these concerns.

*Source: Dental Tribune*

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## Partnerships and Innovation (continued)

### [Oral-B and iADH Launch the Big Rethink Campaign for People with Visible and Invisible Disabilities](#)

Oral-B and the International Association for Disability and Oral Health (iADH) launched the Big Rethink to make oral care more inclusive, accessible, and positive, particularly for individuals with visible and invisible disabilities. The campaign was launched after Oral-B commissioned a study that showed that 34% of people in Europe, or 166 million, are affected by a disability in some way and that 34% of those experienced gingival health issues in the past year. In the UK, France, Germany, and Italy, 47% of people with disabilities have not been taught how to look after their oral health, and 20% of those with severe disabilities find it physically challenging to brush all their teeth. In partnership with iADH, the Positive Practices training program is designed to train and educate dental practices on how to become more confident and inclusive when it comes to their patients. This program involves:

- Training webinars focusing on inclusive language and how best to communicate with disabled patients.
- Video content developed by experts, including videos giving practical advice on how practices can provide a pre-treatment experience for patients.
- Materials focused on upskilling staff to become more confident in dealing with patients with disabilities.
- Working with practices to help make their offices more accessible through accessories or equipment.

*Source: Dental Tribune*

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### [New Study Investigates 3D-Printing Use in Dental Practice](#)

A survey by the American Dental Association (ADA) investigated the prevalence, applications, and user experience of 3D printing in dentistry. It found that, although the use of 3D printing in dental practice is currently low, those who adopted it reported improved efficiency and reduced cost. The aim of the study was to inform current users about other users' experiences and to advise non-users about the potential benefits of the technology.

The most common uses for a 3D printer was to complement or enhance other digital technologies, control workflows, improve efficiency, use existing digital skills or procedures, and reduce cost or manufacturing time. Nearly half of the users said that they use a 3D printer for 25% of their cases per month, mainly for diagnostic models (62%), followed by splints and occlusal devices (50%) and then surgical guides (48%). The most common problems experienced with 3D printing involved software and printing failure.

*Source: 3D Printing*

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### [Multiple AI-related Partnerships Point to Technology's Expansion in Dental Industry](#)

Several technological partnerships revolving around artificial intelligence were completed in Q1, including:

- Voice-AI technology provider Bola AI and cloud solutions provider Curve Dental [teamed up](#) to give more dental practices access to Bola AI's voice charting system. The partnership enables individual practices and patients to lessen the burden on busy hygienists and additional office staff while simultaneously streamlining clinical staffing challenges.

*Source: Becker's Dental & DSO Review*



## Staffing Challenges

### [More Than 37% of Dentists Say They Are Trying to Hire Hygienists, Dental AI Can Help Address Shortage](#)

More than 37% of dentists reported they are actively trying to hire dental hygienists, according to the American Dental Association Health Policy Institute. The hygienist shortage is leading many practices to hire temps, rotate hygienists between practices, and depend more heavily on dentists to provide hygiene care themselves.

Advancements in AI technology can potentially enable dentists to address the hygienist shortage in the following ways:

- By providing objective findings to support the diagnosis. Overjet's AI, for example, is FDA-cleared to measure the distance from the CEJ to the crest of bone to help doctors determine the degree of periodontal disease.
- Creating clinical consistency by ensuring everyone in the practice, including part-time or temp hygienists, are reviewing the same data and can easily apply the practice's standards of care for different types of treatment.
- Elevating clinical diagnostic skills by drawing attention to areas where there may be periodontal disease indicators.
- Building trust with patients who may not have a relationship established with the provider yet. When patients can see the AI findings on the X-rays for themselves, they better understand why their provider is recommending treatment.

Sources: *Becker's Dental & DSO Review*

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### [DSO Leaders Participated in a Session Titled "State of the Economy: What It Means for DSOs"](#)

During the session, experts discussed the past and current economic landscape and examined its impact on DSOs and the dental industry. Key takeaways include:

- Nationwide labor shortages extend to the dental industry—Widespread workforce shortages are a major economic concern for many business sectors in the U.S., including the dental industry. The number one concern for most DSOs and dental practices is staff shortages.
- Technology can mitigate staffing challenges by amplifying the capabilities of existing workers—Rather than replacing people, DSOs should leverage technology to amplify and extend the capabilities of the existing workforce. By leveraging technology, such as patient experience platforms, automation, and AI, dental practices and DSOs can enhance efficiency and productivity.
- Technology continues to progress regardless of economic conditions—Technology is constantly advancing, regardless of fluctuations in the economy or other external factors. While the economy may go through ups and downs, technology consistently progresses. The implication being that embracing technology is essential for DSOs' long-term success.
- Successful adoption of technology requires aligning it with business goals and addressing change management. It is crucial to evaluate how a technology solution adds value to the business, whether through financial benefits, process improvements, or enhancing the patient experience. Additionally, change management and effective communication play a vital role in driving the adoption and acceptance of technology among dental professionals.

Source: *Becker's Dental & DSO Review*

## Litigation

### [Aspen Dental Suffers Cyberattack Affecting its Appointment Scheduling Systems](#)

Aspen Dental announced in late April 2023 that it was the victim of a cyberattack that shut down its appointment scheduling systems, phone systems, and other business applications. Although it is still unclear if hackers were able to access patient files, Aspen Dental has more than 1,000 locations across the country, if patient information was affected, the incident may be the biggest healthcare breach this year, according to Compliancy Group.

The report noted that some locations had to resort to using pen and paper after phone lines and computers went down, affecting practices' ability to file patient insurance claims resulting in some patients receiving handwritten bills. Healthcare practices have increasingly become targets of hackers due to the wealth of information that goes along with patient care.

*Source: Compliancy Group*

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