

Resolution No. [Resolution Number] [Type]

Report: Transparency in Dental Practice Ownership and
Corporate Investment

Date Submitted: 04/03/2025

Submitted By: Dr. Spencer Bloom

Reference Committee: D (Legislative, Governance and Related Matters)

Total Net Financial Implication: [Total Net Financial Impl.]

Net Dues Impact:

Amount One-time:

Amount On-going:

ADA Strategic Forecast Outcome: Public Profession: Drive evidence-based, ethical quality care.

[TRANSPARENCY IN DENTAL PRACTICE OWNERSHIP AND CORPORATE INVESTMENT]**Background:**

When patients walk into a dental practice, they deserve to know who is ultimately responsible for their care. This resolution ensures that such accountability is clearly and consistently disclosed—empowering patients to make informed decisions about their healthcare.

Patients have a fundamental right to know who owns and controls the dental practices where they receive care. Transparent ownership disclosure supports ethical treatment, fosters patient trust, and enables informed decision-making, thereby ensuring continuity and quality of care [3].

The increasing involvement of private equity (PE) firms and other non-dentist investors in dental practices has introduced financial models that may prioritize investor returns over patient-centered care. These models often impose high profit expectations—sometimes requiring returns as high as 20%—which, in the context of rising operational costs and staffing challenges, can pressure practices to compromise on care quality or lead to abrupt closures. Such scenarios disrupt patient care continuity and leave families without recourse.

The term “Dental Support Organization” (DSO) was introduced to describe business structures that comply with state laws restricting practice ownership to licensed dentists while allowing non-dentist entities to exert operational and financial control. In many cases, non-dentist investors operate through complex corporate structures that obscure lines of accountability. This structure can mislead patients about who is actually making business decisions that influence clinical protocols, staffing levels, and treatment availability.

Multiple states—including Massachusetts, Indiana, Connecticut, Oregon, and Vermont—have advanced or proposed legislation to increase oversight of private equity and management firms operating in health services. At the federal level, two major legal frameworks reinforce the need for transparency:

- 1 • The **Corporate Transparency Act (CTA)**, enacted in 2021, aims to enhance
2 transparency by requiring certain businesses, including dental practices meeting specific
3 criteria, to report their beneficial ownership to the U.S. Department of the Treasury's
4 Financial Crimes Enforcement Network (FinCEN). However, the CTA has faced legal
5 challenges, leading to a nationwide injunction in December 2024. In January 2025, the
6 U.S. Supreme Court allowed the law to take effect while litigation continues. This
7 underscores the ongoing federal emphasis on ownership transparency, despite the legal
8 uncertainties surrounding the CTA.
- 9 • The **Social Security Act** (Sections 1124 and 1126), along with implementing regulations
10 at **42 CFR §§ 455.100–106**, mandates ownership and control disclosure for providers
11 participating in Medicaid. These rules require clear identification of any individuals or
12 entities with significant operational or financial interest—further affirming the legal
13 necessity of ownership transparency in healthcare settings.

14 The **Illinois Dental Practice Act**, among other state statutes, requires that licensed dentists
15 retain responsibility for patient care, even when operating within corporate or DSO-affiliated
16 models. While enforcement varies across jurisdictions, this model reflects the national
17 expectation that licensed providers—not corporate backers—ultimately answer to the public.

18 To lead by example, ADA member practices may be encouraged to adopt ownership
19 transparency voluntarily while state implementation is pending.

20 Ownership transparency is not a restriction on business structure—it is a matter of consumer
21 protection, accountability, and ethics. The ADA acknowledges the importance of ensuring this
22 policy fully complies with antitrust laws and Federal Trade Commission regulations, as
23 emphasized in *North Carolina State Board of Dental Examiners v. FTC*, 574 U.S. 494 (2015).
24 The goal is to equip patients with accurate, accessible information—not to restrict access to care
25 or limit competition [7].

26 References:

- 27 1. ADA Code of Professional Conduct (2025)
- 28 2. ADA Governance and Organizational Manual (2025)
- 29 3. 2025 Constitution and Bylaws
- 30 4. Federal Trade Commission Act, 15 U.S.C. §§ 41–58
- 31 5. *North Carolina State Board of Dental Examiners v. FTC*, 574 U.S. 494 (2015)
- 32 6. Corporate Transparency Act (31 U.S.C. § 5336, FinCEN Beneficial Ownership
33 Reporting)
- 34 7. Social Security Act §§ 1124, 1126; 42 CFR §§ 455.100–106
- 35 8. State Laws: Massachusetts Health Transparency Act; Connecticut SB 1106 (2023);
36 Illinois Dental Practice Act

1 Resolved Clauses:

2 **Resolved**, that the American Dental Association advocates for all state dental boards to require
3 clear and accessible disclosure of dental practice ownership and financial control for the benefit
4 of patients, including: (1) the name(s) of the licensed dentist(s) legally responsible for patient
5 care at each location, and (2) if applicable, the name of any Dental Service Organization,
6 management firm, or non-dentist entity exercising control; and that such information shall be
7 posted visibly from the patient side of the front desk, published on the practice website, and
8 included in all public-facing marketing materials, including digital directories and online
9 platforms;

10 **Resolved**, that practices wholly owned and operated by licensed dentists may fulfill this
11 requirement by affirming such status during license application and renewal, and by posting a
12 printed notice at the front desk stating the practice is fully owned by licensed dentists; and that
13 the ADA will create and distribute educational materials to help patients understand the meaning
14 and importance of ownership disclosures, including how ownership and control may impact
15 access, continuity of care, and professional accountability;

16 **Resolved**, that the ADA shall develop model state-level regulatory language to support the
17 implementation of this ownership transparency policy, aligned with applicable federal and state
18 laws—including but not limited to the Social Security Act ownership disclosure rules (42 CFR
19 §§ 455.100–106), the Federal Trade Commission Act, and, as legal proceedings allow, the
20 Corporate Transparency Act—and that such policy be reviewed periodically to remain compliant
21 with nonprofit governance standards, antitrust law, and ADA-adopted policy.

22