

IDSO partnership: The specific benefits for dentists

Chip Fichtner, Cofounder and Principal of Large Practice Sales



Despite high interest rates, global turmoil, labor challenges, and inflation, the consolidation of US dental practices continues at a record pace. Invisible Dental Support Organizations (IDSOs) are accelerating their quiet partnerships with large, growing practices. GPs and specialists achieved record values in Q1 2024 in the LPS bidding process, which completed more than \$1 billion of ISDO partnerships in 2022 and 2023.

In an ISDO, doctors sell 51%–80% of their practice for cash up front at low capital gains tax rates. Doctors lead their practices as owners with full autonomy and benefit from the support of a large partner. Each ISDO offers different resources and cultures.

Doctors can evaluate the unique features of a variety of ISDOs and choose the right fit for them. Some LPS clients in 2023 had more than a dozen qualified bidders from which to choose their ideal silent partner.

Examples of ISDO benefits

Administrative burden reduction: Virtually all ISDOs become responsible for banking, payroll, benefits, compliance, credentialing, tax, legal, IT support; and vendor and payer negotiations. The doctor's time is freed to focus on patient care and work/life balance. More time for families is a key reason hundreds of doctors under the age of 40 choose an ISDO partnership.

Lower costs on everything: Due to the size of ISDOs, some of which have more than 10,000 team members, the costs of supplies, technology, and benefits can be dramatically lower than independent practices. Imagine paying 50% less for implants, 40% less for clear aligners, and 25% less for supplies and team benefits.

Higher reimbursement rates: A well-kept secret in the dental world is that some ISDO partner practices are reimbursed at higher rates from insurance companies than independent dentists, some up to 20% more.

New-patient marketing: Doctors were trained to create beautiful smiles, not how to master digital marketing. ISDOs have full-time internal teams dedicated to driving new patients to their partner practices.

Recruiting: Many ISDOs have dozens of full-time team members dedicated to finding great people for partner practices. ISDOs can recruit more effectively than independent dentists by offering ownership opportunities, superior benefits, choices of geography, and advancement opportunities for key team members.

Capital and support for growth: Doctors eager to expand their practice, build new offices, or acquire practices can rely on the access to capital, data, and research from their ISDO partner. Doctors can expand their practices without risk,

bank loans, or personal guarantees.

Access to leading-edge technology and training: ISDOs are often the first to test new technologies. AI, for example, will become a standard of care, with many ISDOs already using it to improve diagnostic accuracy and increase collections.

Value creation for doctors and ISDO investors: In the last 90 days, more than \$3 billion of new capital has been invested in ISDOs by global investors seeking the proven, market-beating returns in US dental consolidation. The doctor's retained ownership grows faster and greater in value as part of an ISDO than it does by remaining independent. In the first half of 2024, more than 500 doctors will realize growth returns of 200%–500% in less than five years as their ISDO partners sell to larger investors.

Synergy with ISDO partner practices: Dozens of specialty ISDOs have been formed in the last six years. Some focus on single specialties, such as the 17 OMS-only ISDOs. Others are multispecialty, including the dental trifecta ISDOs, which partner with only pediatric, ortho, and OMS.

The acceleration of U.S. dental practice consolidation is logical and inevitable. Dentistry is still well below 20% consolidated according to the ADA.¹ Doctors should at least become educated on the ISDO partnership option. You will ultimately join an ISDO or compete with many.

REFERENCE

1. Guay A, Wall T, Considering large group practices as a vehicle for consolidation in dentistry. ADA Health Policy Institute. April 2016. https://www.ada.org/-/media/project/ada-organization/ada/ada-org/files/resources/research/hpi/hpibrief_0416_1.pdf

DE

LPS | Large Practice Sales
Monetizing Larger Dental Practices
855-662-2745
MySecretSilentPartner.com

CHIP FICHTNER, COFOUNDER AND PRINCIPAL OF LARGE PRACTICE SALES, completed more than \$1 billion of practice transactions in 2022 and 2023 with 38 ISDOs for clients in 31 states. He has built, bought, and sold companies in a variety of industries, and has been featured in numerous media outlets. His tolerant wife of 33 years allows him to live on airplanes visiting clients every week. Learn more at largepracticesales.com.