

**CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

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Date Mailed: September 9, 2022

**STATE OF OREGON  
OREGON HEALTH AUTHORITY  
HEALTH POLICY AND ANALYTICS DIVISION**

In the Matter of the Proposed	)	Proposed Findings of Fact, Conclusions
Material Change Transaction of	)	of Law, and Final Order
SDB MTN West Partners, LLC and	)	
SDB Partner Aggregator, LLC	)	
	)	Transaction ID: 004

The Oregon Health Authority (OHA) is the state agency charged with operating the Health Care Market Oversight Program under Oregon Revised Statutes (ORS) 415.500 through 415.900 and Oregon Administrative Rules (OAR) 409-070-0000 through 409-070-0085.

On August 9, 2022, OHA confirmed receipt of a complete Notice of Material Change Transaction in compliance with OAR 409-070-0030 and 0045. Pursuant to ORS 415.501(5) and OAR 409-070-0055, OHA timely conducted a preliminary review of the proposed transaction. OHA's review analyzed the potential impact of the transaction in four domains: cost, access, quality, and equity. The analysis followed guidelines and methods set out in the Health Care Market Oversight Analytic Framework (see <https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/OHA-HCMO-Analytic-Framework-FINAL.pdf>), which is grounded in the goals, standards, and criteria for transaction review and approval outlined in OAR 409-070-000 through OAR 409-070-0085. OHA's analysis has been posted to the HCMO website at <https://www.oregon.gov/oha/HPA/HP/Pages/HCMO-transaction-notice-and-reviews.aspx>. A public comment period was open from August 9, 2022, through August 23, 2022. OHA received one public comment letter regarding this transaction.

Now, therefore, upon due consideration of the Notice of Material Change Transaction, documentation filed in support of the Notice of Material Change Transaction, public comments, claims and enrollment databases maintained by OHA, databases maintained by federal agencies, press reports, websites of the entities involved in the transaction, academic research articles, and other publicly available reports, OHA enters the following Findings of Fact, Conclusions of Law, and Order.

**FINDINGS OF FACT**

OHA finds that:

1. On or about August 5, 2022, SDB MTN West Partners, LLC ("MTN West") and SDB Partner Aggregator ("Aggregator" and together with MTN West, the "Entities") filed with OHA, Health Care Market Oversight ("HCMO") Program, a Notice of Material Change Transaction ("Notice") regarding the acquisition by TSG Consumer Partners ("TSG") of an indirect ownership stake in the Entities.
2. On or about August 9, 2022, the OHA confirmed submission of a complete Notice.
3. On or about August 18, 2022, OHA requested additional information from the Entity.
4. On or about August 29, 2022, OHA further requested additional information and tolled the review period pending a response from the Entity pursuant to OAR 409-070-0045(6). OHA confirmed the receipt of

additional information on August 31, 2022 and communicated that the transaction review would be completed by September 9, 2022.

5. On August 9, 2022, OHA commenced a preliminary 30-day review of the transaction pursuant to OAR 409-070-0055 and accepted public comments on the transaction between August 9 and August 23, 2022.
6. TSG Consumer Partners is a private equity firm headquartered in California with more than 70 portfolio companies. TSG investments focus on consumer brands and retail sectors.
7. MTN West and Aggregator are owned and managed by Vardiman Black Holdings, LLC d/b/a Specialty Dental Brands (“SDB”), a for-profit, privately held dental support organization (“DSO”) headquartered in Nashville, Tennessee and founded in 2017.
8. SDB provides business supports to a network of specialty dental practices, with a focus on orthodontics, oral surgery, endodontics, and pediatric dentistry. SDB partners with more than 200 dental practices in 20 states, including Oregon.
9. SDB is wholly owned by SDB Holdco, LLC (“SDB Holdco”) with a majority of its interest held by LHP Dental Holdings, LLC (“LCG”) and a minority interest held by management holders.
10. OR Specialty Dental Services, LLC (“OR Specialty Dental”) is a dentist owned dental practice in Oregon that provides orthodontic and oral and maxillofacial surgery services.
11. OR Specialty Dental registered as a new business entity with the Oregon Secretary of State on February 3, 2022. Since its formation, OR Specialty Dental has acquired the assets of two existing dental practices: Willamette Valley Oral & Maxillofacial Surgery and Yenne & Schofield PC. As of September 2022, the acquired practices will operate as a single practice, and their providers and staff will be employees of OR Specialty Dental.
12. OR Specialty Dental” has two management services agreements, one with MTN West and another with Aggregator, to provide business support services.
13. The transaction represents a partial change of ownership of SDB Holdco, the ultimate owner of MTN West and Aggregator. Prior to the transaction, LCG and management directly or indirectly owned 100% of SDB Holdco. Individual dentists owned equity interests in regional subsidiary entities. After the transaction, management and individual dentist owners combined, LCG, and TSG will each hold an approximately 33.3% in SDB Holdco.
14. The stated purpose of the transaction is to restructure the equity ownership of SDB Holdco. The transaction will involve a partial liquidity event for LCG, management, and dentist owners of SDB Holdco.
15. The Entities have stated that there will be no changes to the management services agreements currently in place between the Entities and OR Specialty Dental as a result of the proposed transaction. MTN West and Aggregator will provide the same business support services to OR Specialty Dental after the transaction.
16. The Entities have further stated that the transaction will not have any negative impact on the price of or access to health care services in Oregon.
17. OR Specialty Dental operates six locations in Oregon, with two locations in Salem, and one location in Bend, Dallas, Keizer, and West Salem. The transaction is not likely to impact a large number of residents.
18. The transaction will not increase the market share of any entity involved in the transaction and will not increase consolidation in the market for dental support services or specialty dental services in Oregon.

## **CONCLUSIONS OF LAW**

OHA concludes that:

1. The Notice is supported by the required documentation and meets the requirements of the Health Care Market Oversight Program rules for approval with respect to acquisitions of health care entities pursuant to ORS 415.500 through 415.900 and Oregon Administrative Rules (OAR) 409-070-0000 through 409-070-0085
2. OHA finds that:
  - a. The transaction is unlikely to substantially reduce access to affordable health care in Oregon.
  - b. The transaction is not likely to substantially alter the delivery of health care in Oregon.

### **ORDER**

Based on the foregoing Findings of Fact and Conclusions of Law it is hereby ORDERED that:

1. The proposed transaction is hereby **APPROVED** upon the basis of the information contained in the Notice to date.
2. The Entities shall notify OHA upon completion of the transaction by email at [hcmo.info@oha.oregon.gov](mailto:hcmo.info@oha.oregon.gov).

This Order is effective immediately and will be posted to the Health Care Market Oversight Program website at <https://www.oregon.gov/oha/HPA/HP/Pages/health-care-market-oversight.aspx>.

OHA will conduct follow-up reviews to assess the impact of the transaction in accordance with ORS 415.501 (19). OHA will publish findings from follow-up reviews. Per OAR 409-070-0080, OHA may require the Entities to provide any information, reports, analyses, and documentation needed to monitor and assess the impact of the transaction.

### **NOTICE OF RIGHT TO REQUEST A HEARING**

You are entitled to a hearing as provided by the Administrative Procedures Act (chapter 183, Oregon Revised Statutes), ORS 415.019, and OAR 137-070-0075. You are entitled to be represented by an attorney at the hearing. Legal aid organizations may be able to assist a party with limited resources. The Oregon Health Authority will be represented by an Assistant Attorney General from the Oregon Department of Justice.

**To request a contested case hearing, your request must be in writing and must be received within fifteen (15) days from the date this Final Order was personally served, mailed, or electronically transmitted to you, based on the date at the top of this document.**

A request sent by U.S. mail is “received” on the date it is postmarked. Your request may also be emailed. Your request should be sent to:

[hcmo.info@oha.oregon.gov](mailto:hcmo.info@oha.oregon.gov)

*or*

Health Care Market Oversight Program  
421 SW Oak St  
Suite 850  
Portland, OR 97204

If you submit a request for a contested case hearing, you will be notified of the time place of the hearing. Information on the hearing process will be provided to you in accordance with ORS 183.413(2). Any hearing will be conducted by an administrative law judge from the Office of Administrative Hearings, assigned as required by ORS 183.635.

If you fail to request a hearing within the time allowed, if you request a hearing and subsequently withdraw your request for a hearing, if you request a hearing and fail to appear for the hearing, or if a hearing is scheduled and you later notify OHA that you will not appear at the specified time and place, you will have waived your right to a hearing and this proposed order will become a final order by default. If OHA issues a final order by default, it designates its file on this matter, including all materials that you have submitted relating to this matter, as the record in this case for purposes of proving a prima facie case.

Dated this 9<sup>th</sup> day of September 2022



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Sarah Bartelmann, MPH  
Health Care Market Oversight Program Manager  
Oregon Health Authority

NOTICE TO ACTIVE DUTY SERVICEMEMBERS. Active-duty service members have a right to stay these proceedings under the federal service members Civil Relief Act. For more information contact the Oregon State Bar at 00-452-8260, the Oregon Military Department at 503-584-3571, or the nearest United States Armed Forces Legal Assistance Office through <http://legalassistance.law.af.mil>. The Oregon Military Department does not have a toll-free telephone number.