

**PURCHASING AN ENDODONTIC PRACTICE:
DUE DILIGENCE CHECKLIST©**

1. Financial Records

- a. Tax returns (personal/corporate) for last three years.
- b. Production runs - last three years.
- c. Profit/loss for last three years.
- d. Accounts receivable - aged to 120 days
- e. Listing of participating insurance programs.

2. Quality of Care

- a. Philosophical concurrence with Seller as to practice of endodontics.
- b. Chart review - do charts/records reflect what you would consider to be "standard of care" for charting/record keeping?
- c. Treatment plans - do you agree with Seller's approach on patients?
- d. In-office patient check - spend one or more days in office and clinically observe Seller's treatment.
- e. Identify high risk areas or problem patients of Seller's practice, if any. If such areas exist, will these patients complete treatment with Seller, transfer to Buyer or transfer out of practice?
- f. Identify any techniques utilized in practice which may give rise to future problems, i.e., use of unapproved endodontic fillers, non-typical endodontic treatment.
- g. Does Seller utilize an effective post op recall system?
- h. Review cases that Seller treatment planned that you will perform.

3. Insurance/Risk Management Considerations

- a. Is Seller presently insured?
- b. Has Seller been insured without interruption since inception of practice?
- c. Obtain copy of Seller's present malpractice Declarations page to identify carrier, policy number, coverage period, policy limits.
- d. Will Seller be continuing his malpractice policy or obtaining a tail?
- e. Is Seller presently being sued for malpractice? If so, get full information on all such legal actions.
- f. Has Seller been sued in the past or had peer review actions? If so, what treatment was involved and how did the action/claim resolve?
- g. Has Seller had any disputes/conflicts with any other local practitioners?
- h. Has Seller had to sue patients for collection? If so, are any such suits planned.
- i. Are there any existing patients who have treatment to complete but are not returning to office.
- j. Are there any other patients who have any other disputes with the practice?

4. Managed Care Agreements - HMO, PPO, Capitation, Indemnity

- a. Percentage of practice income from MCA
- b. Can plans transfer to you
- c. Do plans allow for your quality of care
- d. What kind of patients are being seen and what type of treatment is being performed on these patients

5. Seller's Record with Third Party Payers

- a. Has Seller's membership in a panel or qualification in a third party payor plan ever been revoked, suspended or cancelled - if so, why
- b. Any third party payor audits within the last 24 months - if so, what was the result

6. **Associates in the Practice**
 - a. Currently in practice
 - i. What will happen to them
 - ii. What protection do you have against patient loss
 - b. Have there been any associates within 24 months
 - i. Who are they, where did they go, has there been patient or employee loss
 - c. Anyone outside of the practice have a patient list
7. **Other Dentists in the Practice**
 - a. Sub-tenants or space leasers
 - i. Any written agreement
 - ii. Is there a threat of practice raid
 - iii. Is there jointly owned property
 - iv. Can you terminate the agreement
8. **What Advertising has the Practice Used**
 - a. Yellow Pages - cost and duration of ad
 - b. Dental Referral Services assignable
 - c. Coupons or other deals that Buyer must honor
9. **Seller's Standing in the Dental Community**
 - a. Member of local dental society
 - i. If not, why - was the membership terminated and if so, by whom
 - b. Have there been peer review actions
 - c. Have there been any Board of Dental Examiner investigations
 - i. If so, how many, when did they occur and what was the result
 - d. Any unique qualities of Seller that you cannot assume - such as church affiliation or cultural consideration
10. **Key Referral Sources to the Practice**
 - a. Have Seller list them - list should be broad based and wide selection of general and specialists who refer
 - b. Ask if Seller calculates ranking of referral sources on an annual basis
 - c. What type of marketing has the Seller engaged in - holiday gifts, lunches, seminars, study groups
 - d. Contact a sampling of the referring dentists and ask:
 - i. Are they supportive of the Seller's practice
11. **Seller's Staff**
 - a. What longevity of staff (ask about turnover)
 - b. Have any expressed the desire to quit if the practice is sold
 - c. When is the last time staff was given a raise - is there a system for review and raises
 - d. Does the practice have a pension plan
12. **Miscellaneous Items**
 - a. Software License Transfer fee (seller should pay)
 - b. Insure the practice is "lien" free
 - c. Insure that practice is free of "leases" i.e., phone systems, photocopier, or dental equipment
 - d. Get copy of Office Lease
 - e. Is the dental office in OSHA compliance