ODGERS | LAW GROUP
Dental Transactions

Dental Practice Due Diligence Checklist

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1. Patient Base and Demographics

- ☐ Analyze patient demographics: age, location, and family structures.
- ☐ Assess patient loyalty and retention rates.
- ☐ Review treatment patterns and services provided.
- ☐ Evaluate patient base diversity (e.g., family-friendly, cosmetic-focused, all-ages).
- ☐ Verify patient activity metrics: active vs. inactive patients, frequency of visits, and appointment patterns.
- ☐ Evaluate community reputation via patient feedback and reviews.

Action Step: Use demographic and patient data to forecast retention rates and growth opportunities.

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2. Financial Due Diligence

- ☐ Review revenue trends, including seasonal fluctuations.
- ☐ Assess profitability of specific services.
- ☐ Examine expenses: overhead, salaries, equipment costs, and maintenance.
- ☐ Verify financial statements and tax returns for the past 3–5 years.
- ☐ Identify risks: hidden liabilities, unresolved tax issues, or outdated contracts.
- ☐ Assess patient payment methods: insurance reliance, out-of-pocket payments, and financing options.

Action Step: Partner with a dental CPA to scrutinize all financial documents.

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3. Legal and Operational Due Diligence

- ☐ Verify absence of liens or encumbrances on assets.
- ☐ Investigate pending or historical litigation, including malpractice claims.
- ☐ Confirm compliance with:
  - HIPAA regulations for patient privacy.
  - OSHA standards for workplace safety.
  - State licensing requirements.
- ☐ Review vendor, employee, and service agreements for transferability and terms.
- ☐ Evaluate lease agreements for favorable terms (e.g., rent, renewal options, personal guarantees).

Action Step: Engage a dental attorney to ensure compliance and negotiate purchase and lease agreements.

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4. Patient Retention

- ☐ Calculate patient retention rates over the past 3–5 years.
- ☐ Assess factors affecting retention: satisfaction surveys, cancellation rates, and patient complaints.
- ☐ Review operational efficiency: adoption of digital solutions, scheduling systems, and paperless workflows.
- ☐ Evaluate team dynamics and alignment with your goals.

Action Step: Develop a strategy to improve retention if needed, including training, technology upgrades, and patient engagement initiatives.

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5. Clinical Operations

- ☐ Compare clinical procedures and patient care standards to your expertise.
- ☐ Review accepted insurance plans and credentialing feasibility.
- ☐ Inspect patient records for accuracy, completeness, and engagement indicators.
- ☐ Evaluate practice software for usability and efficiency.
- ☐ Assess patient warranties for potential liabilities.

Action Step: Conduct a clinical evaluation with dental consultants to identify gaps or risks.

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6. Team and Staff Evaluation

- ☐ Review compensation and benefits against industry benchmarks.
- ☐ Assess job roles, responsibilities, and scheduling efficiency.
- ☐ Investigate past employee disputes or claims.
- ☐ Analyze the employee handbook and office policies for compliance and relevance.
- ☐ Plan for rehiring or transitioning staff.

Action Step: Request all staff information and after the purchase agreement is signed meet with key staff during due diligence and ensure their alignment with your vision.

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7. Web Presence and Digital Assets

- Assess website usability, design, and SEO performance.
- Confirm ownership and transfer of domain names and email accounts.
- Evaluate online reputation through reviews on platforms like Google, Yelp, and Healthgrades.
- Verify ownership of branding assets, logos, and digital content.

Action Step: Work with a digital marketing expert to evaluate and plan updates for the online presence.

8. Equipment and Facility Inspection

- Inspect equipment for functionality, condition, and remaining operational life.
- Evaluate facility infrastructure:
  - HVAC system performance.
  - Plumbing reliability.
  - Electrical system capacity.
- Identify defects or maintenance needs and negotiate repairs or price adjustments with the seller.

Action Step: Engage specialists to conduct thorough inspections and include findings in the purchase agreement.

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9. Location and Accessibility

- Review the practice's location for convenience, visibility, and growth potential.
- Evaluate accessibility and parking options for patients and staff.
- Inspect the building's compliance with health and safety regulations.

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10. Transition Planning

- Assess the team's morale and readiness for the transition.
- Plan patient communication to ensure continuity of care.
- Develop a transition timeline for integrating your operations and vision.

Action Step: Use professional advisors to create a detailed transition plan ensuring a smooth takeover.