



February 13, 2012

The Honorable Charles E. Grassley
United States Senate
Washington, DC 20510

Dear Senator Grassley:

I write in response to your letter of January 12, 2012. In this letter, I hope to be as responsive as possible to your concerns and your staff's concerns about Aspen Dental Management, Inc. We have every intention of being as cooperative with your inquiry as is possible. However, I must say, respectfully, that some of the information you have requested will be difficult to provide at this point because it is confidential and proprietary. For example, whether to provide data about specific practices to which we provide business services is really, in my mind, a decision that must be made by the doctor who owns the practices. Nevertheless, we have endeavored in this letter to provide more general, aggregated data because I think it will allay your concerns about our business. We would be pleased to meet with you or your staff to discuss these matters in more detail.

Company Background: Aspen provides business services to practices owned and operated by more than 70 dentist-owned professional corporations. The overall Aspen organization is comprised of roughly 4,000 people serving nearly 350 dental offices in some 22 states. Leonard Green & Partners, a private equity firm which invests on behalf of numerous public pension funds and other investors, is the majority owner of Aspen Dental Management, Inc.

Our Business Model: The tremendous demand for the business services we provide to dental practices and the patient care these practices provide has enabled Aspen to expand over the past several years.

First, the business services we offer dentists enable them to focus on patient care and relieve them from the everyday business requirements of the practice. Many dentists in private practice struggle with the non-dentistry-related obligations that come with running a small business and distract them from their professional calling: caring for the oral health of the patient. While dependent on state-by-state regulatory requirements, our services typically include facilities, non-clinical staffing, practice marketing, laboratory

support, billing, centralized purchasing, insurance, collections, and payroll and benefits services.

Second, we seek to serve practices in areas where there is unmet need and limited access to dental care. The typical patient in a practice served by Aspen has not been in a regular pattern of care and may have urgent, significant dental care needs. In the absence of a practice served by Aspen, frequently the only alternatives are continued neglect and suffering or costly, inconvenient emergency room care. Particularly in communities with an aging population, access to dental care can be a true challenge. Because Aspen-served practices are conveniently located, work with most private insurance plans, are open all weekdays and select evenings and Saturdays, and charge affordable fees, they are an attractive option for patients.

Consider some of the practices served by Aspen in your own state of Iowa: Council Bluffs, West Burlington, Sioux City, Waterloo, and Davenport, for example, are all communities whose residents often lack access to convenient, affordable dental care. We have invested more than \$5 million into Aspen's state-of-the-art practices throughout Iowa, all opened since 2008. The 13 practices we serve in Iowa employ more than 130 people and provided care to more than 25,000 individual patients in 2011.

Misperceptions: Respectfully, your letter implies that Aspen practices "corporate dentistry" and in doing so delivers substandard care. To be absolutely clear, Aspen in no way sets standards of care, clinical policy, or production goals for the owner-doctors in the practices we serve. Quite simply, these dentists are in complete control of the clinical decision-making and the delivery of patient care.

The heading on your letter "Patient Abuse and Medicaid Fraud" also unfortunately reflects further misinformation about Aspen. As discussed in our January 27th letter, the owner-doctors serviced by Aspen do not accept any reimbursement from Medicaid, Medicare or any other state-funded plan. As such, there is no possibility of the fraud your letter implies. Furthermore, there no evidence beyond unfounded and unsupported insinuations that patients are being "abused." There is no evidence whatsoever that practices served by Aspen fail to meet the standard of care observed by the several state dental boards, which have primary authority to regulate such matters.

In your letter, you requested a considerable amount of information about Aspen and the practices we serve. We are prepared to share with you and your staff member, Ms. Erika Smith, as much information as is possible to help you get a more fulsome and balanced understanding of Aspen. However, a significant amount of what you have requested is either highly proprietary (internal training materials, for example) or confidential (information about specific practices). That being stated, there are a number of points that Ms. Smith referenced as being of particular importance which we will address fully.

practice. We do offer a one-week Doctor Orientation Program at our Practice Support Center in Syracuse, NY. This program is accredited and qualifies in part for required Continuing Education credits for participating dentists. We also make available hundreds of online, fully accredited dental continuing education courses. The design and content of these programs, which reflect the investment of significant resources, is proprietary in nature. Again, we would be happy to discuss the outline of these courses with you or your staff.

Question 11: As stated above, practices served by Aspen do not accept Medicaid as reimbursement for dental services.

Question 12: In Question 12, you reference our non-retaliation policy. While we do not specifically have one, we are providing a copy of our Employee Handbook. The harassment policy on page 4 prohibits retaliation in response to allegations of harassment. The Handbook is attached as Exhibit "A" and the documents bear bates-numbers 0001 – 0028. Aspen customizes its Employee Handbook to be consistent with policy requirements in the several states in which it operates but the content is largely similar. Enclosed as Exhibit "B" is the Iowa Handbook, bearing bates-numbers 0029 – 0056. We are providing you with a copy of our New York and our Iowa handbooks. If you would like copies of the Handbook for other states, we would be happy to provide them.

Question 13: This question deals with "health care credit cards." These cards provide an important service to patients. Without them, many patients would simply be unable to get care. Indeed, CareCredit's products are offered by more than 90,000 dentists in the United States.

As with any merchant who accepts credit cards, practices offering "health care credit cards" pay fees to third-party lenders so that they will make loans available to patients, subject to the lender's determination of creditworthiness. Enclosed as "Exhibit C" is a document bates-numbered 0057, which provides the fees that Aspen practices pay to third party lenders. They typically average about 10% of the loan amount, based on the mix of loan products selected by patients.

It is critical to understand that the fees paid by the practice have absolutely no impact on the cost of care delivered to patients. The fees are not charged to patients; they are paid by the practice to the third-party lenders and they do not affect what a patient pays for care. For example, a hypothetical patient needing \$100 worth of care may qualify for a \$100 loan from CareCredit. The practice will receive approximately \$90 in payment for the care while CareCredit retains its \$10 fee. The patient receives the care and owes \$100 to CareCredit.

Question 14: In 2011, approximately 12% of patients seen in practices served by Aspen paid for their dental care using CareCredit or Chase. This percentage has been fairly constant for the past three years.

Question 15: This question inquires about training on health care credit cards. Aspen Office Managers are trained and certified in the policies and procedures governing third-party patient financing. Enclosed as Exhibit "D" are documents bearing the bates-numbers 0058 – 0111. These are the training materials related to this area. If patients pay in advance for treatment that is not rendered, they can request a refund pursuant to the "Patient Acknowledgments, Agreements, and Authorizations," which includes the refund policy, a copy of which is also included.

We will refund automatically any credit balances existing on accounts where there is no activity for 30 days and no future work is scheduled. If a patient requests a refund for prepaid work not completed, refunds are made within 10 business days for payments by cash or check and within 3 business days for payments made by credit card. We believe that the policies and procedures relating to patient refunds processed in practices served by Aspen are far more rigorous, fair, and consistently applied than in private practice, in our experience.

Question 16: This question asks about the Vizilite oral cancer screening tool. Again, the decision to recommend Vizilite to a patient is entirely within the treating dentist's clinical discretion. Our data suggest that fewer than 5 percent of patients seen in the last 5 years have elected to proceed with the Vizilite cancer screening tool. Indeed, not all dentists served by Aspen offer Vizilite – and the decision to accept the screening tool is entirely up to the patient.

Question 17: As discussed above and with respect to all your questions regarding clinical matters, the diagnosis of periodontal disease is a clinical decision made by the treating dentist. Over the past three years, less than 30% of new patients were treatment planned for ADA treatment codes 4341/4342, commonly known as "scaling and root planning," with about a third of those receiving the treatment. This under-treatment given the strong links between periodontal disease and systemic health is admittedly a concern, particularly given that both the ADA and the American Academy of Periodontology report that as many as three-quarters of all US adults have periodontal disease.

Question 18: We have developed an Office Manager training program over the past several years, a portion of which is devoted to "talking to patients about getting treated." This program was developed over many years and at great expense; most of the program deals with teaching the new Office Manager about dental terminology, insurance, and the complicated computer system and procedures dental offices rely on. Without knowledge of dental terminology and dental procedures, an Office Manager would struggle to discuss treatment, insurance, scheduling, and payment with any patient. Because this information is proprietary in nature, we are reluctant to share the specific content, but would be pleased to discuss this program further with you or Ms. Smith.

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We hope this letter gives you a fuller picture of Aspen and clarifies several misperceptions. We are available to answer any further questions you or your staff may have regarding this matter, at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Fontana', with a stylized flourish at the end.

Robert A. Fontana
President and CEO