



COMMONWEALTH TRANSITIONS

TRANSITIONS PROCESS



Signed Listing Agreement

Pre-Marketing - Practice Reports - See Pages 57-62

Complete Practice Valuation Application

Review & Accept Finalized Buyers Brochure

Calls/Site Visits w/ Prescreened Potential Buyers

Executed Letter of Intent

Week 1

**Week
1**

**Real Estate Lease/Purchase
Negotiations Begin**

**Buyer Due Diligence
Begins (Typically 45 Days)**

**Week
2**

**Week
2**

**Retain Dental Oriented
Legal Counsel**

Contract Outliner Review

**Week
3**

**Week
4**

**CWT drafting of Asset Purchase
Agreement - Transfer of
Goodwill Contracts**

**Sellers Diligence Checklist
See Pages 54-55**

**Week
4**

**Week
6**

**Begin Contracts Exhibit List
See Page 56**

Fully Executed Contracts

**Week
7**

**Week
7**

**Lease/Real Estate
Contracts**

**Send out Closing
Statements for Review**

**Week
8**

**Week
8**

**Wiring Instructions for Direct
Deposit See Page 63**

Closing

**Week
8**

Seller's Diligence Checklist

Yes No N/A

- | | | | | | |
|-----|-----|-----|--|---|--|
| ___ | ___ | ___ | | | 1. During process keep practice as active as possible and revenue at same level or higher. |
| ___ | ___ | ___ | | | 2. Keep booking patients for buyer throughout process and book patients for the buyer for after the closing date. |
| ___ | ___ | ___ | | | 3. Don't tell your patients you are selling the practice and retiring. Don't tell staff until last moment. |
| ___ | ___ | ___ | | | 4. Review all Sales Contract documents. Prepare Exhibits. |
| ___ | ___ | ___ | | | 5. Patient List: |
| | | | | a. Prepare a list of all patients of the practice who have been in for treatment in the last 3 years. This could be in electronic format, like on a travel drive. | |
| | | | | b. This list should include complete addresses and zip codes for mailing announcement. | |
| | | | | c. If computerized, please prepare printed labels for mailing the announcement. | |
| ___ | ___ | ___ | | | 6. Ensure malpractice tail coverage is in place |
| ___ | ___ | ___ | | | 7. Confirm the Buyer has the necessary insurances in place if you are providing financing...Life, Disability, Property and casualty (to protect your collateral) |
| ___ | ___ | ___ | | | 8. Ongoing leases/agreements: Identify and assist Buyer as necessary to get assignment/assumption documents or new leases in Buyer's name. |
| ___ | ___ | ___ | | a. Building – see if any transfer fees, recapture language or other limitations. | |
| ___ | ___ | ___ | | b. Utilities – set date to transfer | |
| ___ | ___ | ___ | | c. Burglar alarm transfer | |
| ___ | ___ | ___ | | d. Equipment | |
| ___ | ___ | ___ | | e. Computer software, necessary passwords, transfer fees? Create new provider codes for new dentist and hygienists. This will help track new AR vs. old AR. | |
| ___ | ___ | ___ | | f. Transfer website and web-site domain/hosting service | |
| ___ | ___ | ___ | | g. Change credit card processing machine or better yet have buyer set-up new machine to keep accounts separate. | |
| ___ | ___ | ___ | | h. Nitrous registration and lease or rental (if applicable) | |
| ___ | ___ | ___ | | i. Telephone system and transfer of phone numbers (with written permission). | |
| ___ | ___ | ___ | | j. Ongoing marketing agreements, advertising, Yellow Pages, web site, domain name | |
| ___ | ___ | ___ | | k. Notify suppliers, labs, etc. of transfer. See Sample Vendor Transfer List. | |
| ___ | ___ | ___ | | l. Keep supplies at usual and customary levels | |
| ___ | ___ | ___ | | | 9. Management/General: |
| ___ | ___ | ___ | | a. Determine how Accounts Receivables, is to be collected, if not being purchased. | |
| ___ | ___ | ___ | | b. Review any cases in progress and determine how to handle them. | |
| ___ | ___ | ___ | | c. Pay off any patient credit balances or pay Buyer to assume those credit balances. | |
| ___ | ___ | ___ | | d. Draft Letter of Transfer (introduction to patients), with Buyer's approval (To be sent to all patients <u>after</u> the closing) | |
| ___ | ___ | ___ | | e. Review appointment book to see if there needs to be changes in scheduling | |
| ___ | ___ | ___ | | f. Ensure dental insurance contracts are transferred with Buyer's ID numbers | |
| ___ | ___ | ___ | | g. Review Seller transition issues (acct receivables, WIP, working arrangement) | |
| ___ | ___ | ___ | | | 10. Employees: |
| ___ | ___ | ___ | | a. Provide statement of benefits currently provided to employees. | |
| ___ | ___ | ___ | | b. Avoid giving raises. Allow Buyer to consider this. | |
| ___ | ___ | ___ | | c. Pay employees for any unused vacation/sick/well pay. | |
| ___ | ___ | ___ | | d. Wrap up retirement plan as necessary. | |
| ___ | ___ | ___ | | 11. Prepare list of expenses to be prorated, if any. | |
| ___ | ___ | ___ | | 12. Give Buyer List of Referring Dentists | |
| ___ | ___ | ___ | | 13. Cancel any insurance not needed post sale | |
| ___ | ___ | ___ | | 14. Ensure equipment is in proper state of repair. | |
| ___ | ___ | ___ | | 15. Remove or identify personal items to be removed, as set forth in contracts | |

- ___ ___ ___ 16. Notify State Board, after closing, if necessary.
- ___ ___ ___ 17. Notify your CPA of sale. He/she should communicate with appropriate state agencies.
- ___ ___ ___ 18. On the day of closing run the A/R Aging list and bring to closing
- ___ ___ ___ 19. Set up meeting with Employees following Closing
- ___ ___ ___ 20. Provide purchaser with keys to the office.
- ___ ___ ___ 21. Remember, you are no longer the boss! The patients are now all his/hers. He/she may not do things the way you are used to doing them. Be actively supportive in transferring staff allegiance, respect and loyalty.

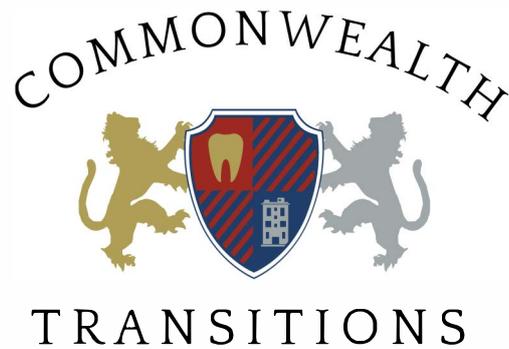
- ___ ___ ___ 22. **Excluded Assets:**
 - ___ ___ ___ a. Prepare a list of personally owned, non-operating assets which are not included. any furniture or works of art to be removed are to be replaced with substitutes of similar aesthetics and size, but not necessarily same value.

- ___ ___ ___ 24. Major Included Assets: Include all major furniture, equipment, tools, etc. with value of over \$350



EXPECTED CONTRACT EXHIBITS LIST

1. EMPLOYMENT AGREEMENT
2. ACTION BY UNANIMOUS CONSENT IN LIEU OF SPECIAL MEETING OF THE STOCKHOLDERS
3. ACTION BY UNANIMOUS CONSENT IN LIEU OF SPECIAL MEETING OF THE MEMBER
4. EQUIPMENT LIST
5. EXCLUDED ASSETS
6. PREPAID SERVICES
7. ASSUMED LIABILITIES
8. WARRANTY EQUIPMENT
9. LIENS
10. INSURANCE
11. CONTRACTS
12. PERSONNEL
13. LICENSES
14. IN-NETWORK PROVIDERS
15. ERISA
16. FINANCIAL STATEMENTS
17. ACCOUNTS RECEIVABLE AS OF EXECUTION
18. ACCOUNTS RECEIVABLE AS OF CLOSING



Pre-Marketing Documents

As a reminder, we expect that all information transmitted to us will abide by the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

1. Patient Payments (2018 & 2019) Insurance, Cash, Credit Card, Check, etc.
(Some Practice Management Software does not provide these reports, so please provide the amounts related to Insurance, Credit Card (Mastercard/Visa), Care Credit, Cash, etc.)
2. Patient Analysis Report (2018 and 2019)
3. Production/Collection by Provider (2017, 2018 & 2019)
4. Production by Procedure Type/Code (2018 & 2019 Summary Only)
5. A/R Current-30-60-90-120 (Summary Only)
6. Fee Schedule Last Two Years
7. YTD Day Sheet Summary Report
8. Current employee/contractor roster with roles/title, compensation rates, benefits and payroll for all current staff for 2017 and 2018. Please include any employee and independent contractor agreements that are relevant to current staff (including associates)
9. Articles of Incorporation or Organization and Shareholder Agreements/Operating Agreement/Partnership Agreement if more than 1 owner/shareholder/member.

Continued

Report Instruction Guide (EagleSoft)

1. **See Above instructions;**
2. **Patient Analysis Reports**> Select Patients tab> Select Patient Analysis Report>;
3. **Provider Productivity/Collections** – Reports> Provider Productivity> Set Date Range> All Providers>;
4. **Production by Procedure Type**> Reports> Services> Service Type Productivity> Detailed to Generate>;
5. **Accounts Receivable**> Report> Financial> Accounts Receivable by Responsible Party (Last Page Only for Totals)
6. **Fee Schedule**> Reports> Services> Service Code by (Fee Schedule or Standard Fee, one or the other)>;
7. **Day Sheet Summary Report**> Pull up the **Day Sheet** report from the Practice Management or Clinical Menu Bar by choosing **Reports | Financial | Day Sheet**. The **Day Sheet** Report calculates all financial totals from a selected date range> Pick Date Range i.e., January 1 2017 – December 31 2017> Select multiple providers by pressing **CTRL** on your keyboard and clicking on the provider name> Click on the **Preview Report** button>;

***Please Contact EagleSoft Support for additional instructions ~**

<http://patterson.eaglesoft.net/TrainingAndSupport/SupportContacts>

****Please remember not to provide any patient information that would violate HIPAA standards**

continued

Report Instruction Guide (Dentrix)

- 1. Patient Payments (2018) Insurance, Credit Card (Mastercard/Visa), Care Credit, Cash, etc.)** Reports| Management| Daysheet| check Chronological and Deposit Slip. Enter the Date Range. The Chronological is the #7 Report below and Deposit Slip is Payments report.
- 2. Patient Analysis Report** ~ Office Manager| Reports| Practice Analysis Report| **uncheck** Production Summary and check only Patient Summary box
- 3. Production/Collection by Provider (2016, 2017 & 2018)** ~ Office Manager| Reports| Management| Provider A/R Report. Enter the Date Range and click Ok.
- 4. Production by Procedure (2018)** ~ Office Manager| Reports| Practice Analysis Report| **check** Production Summary and check By Procedure Code.
- 5. A/R Current-30-60-90-120 (Summary Only)** ~ Office Manager| Reports| Ledger| Aging report.
- 6. Fee Schedule Last Three Years** ~ Office Manager| Reference| Fee Schedule and select the Fee Schedule you want to print and click OK.
- 7. Day Sheet Summary Report** ~ See #1

***Please contact Dentrix Support for additional instructions ~**
<https://www.dentrix.com/support>

****Please remember not to provide any patient information that would violate HIPAA standards**

continued

PERIOVISION (Henry Schein)

1. Patient Payments (2017, 2018 and YTD 2019) - Insurance, Credit Card (Mastercard/Visa), Care Credit, Cash, etc.) Summary Only

You can run the production report this gives you a breakdown of payments to providers and total for the practice Go to report, production , set date range then make sure you have set for all providers locations insurance and that you are not filtering by patient markers

2. Patient Analysis Report (2017, 2018 and YTD 2019) ~ I'm looking for # of patients for the past 12, 18, 24 months, # of new patients, age breakout of patients i.e., 0-5, 6-12, etc., patients seen by each provider;

You would need to run a notepad query to get this information Go to report, notepad, select the items from the left column and set the options and dates then click run then when finished running click on export and select the fields you want to send to the report then click next select all since they are the patients that you want click next then select the format you want report in i.e. excel

3. Production/Collection by Provider (2017, 2018 & YTD 2019)

The production report which I explained in question one's answer will give you this information

4. Production by Procedure Type/Code Summary Only i.e., Restorative, Implants, Oral Surgery, etc. (2017, 2018 & YTD 2019)

Go to report tabulated set date range chose the type of service and uncheck patient detail This gives you the number of the procedures done the charges and payments compares to previous year as well.

5. A/R Current-30-60-90-120 (Summary Only) ~

Got to report aging select summary Include all billing cycles, include all aged receivables, Set the balances b/t if you do not want credit balances set account to 1.00 and 999,999.99

6. Fee Schedule (2017, 2018 & YTD 2019)

You cannot get a copy of the past fee schedules once they are edited the old fee schedule no longer exists. This is only available in a backup from the time you are looking at

7. Payment by Insurance Company - Summary Only i.e., Delta, BC/BS, etc.

Go to report, insurance, report select report #10 payments by carrier Set the date range check that settings under all tabs are correct then click ok
Lists insurance payments amount received for the time period of the report

***Please contact Henry Schein Support for additional instructions ~**

Helen-Marie Force

Technical Support Engineer

Senior Technician Specialty Support

Henry Schein Practice Solutions

800-323-3370 option 2

OPEN DENTAL REPORTS

1. Production income

reports, standard, this year (or “more options” to do past years”)

select “annual” for a summary report

2. Active patients

reports, standard, active patients, put in date range by month,

3. AR

reports, standard, aging of A/R

4. New patient

reports, standard, new patients

5. Production by procedure code

reports, standard, procedures, select date range, type “grouped by procedure code”, providers all, click ok

continued

6. Income by source (this shows income from different insurance plans)

Reports, user query, user query, copy and paste the below into the top left box. Then click submit query. You can then print or export the report. You can edit the date range. It is listed as year, month, day.

7. Age and gender reports

User query, user query, copy and paste the below into the top left box. Then click submit query. You can then print or export the report.

8. Active patient count by age and gender

select (year(curdate())-year(birthdate)) - (right(curdate(),5)<right(birthdate,5)) as 'age', p.gender,count(distinct p.patnum) as 'patients'

from patient p where p.patstatus=0
group by age, gender order by age, gender asc;

***Please contact Open Dental Support for additional instructions ~**

<https://www.opendental.com/>

****Please remember not to provide any patient information that would violate HIPAA standards**



Personal Information Needed to Wire Funds

Name on Bank Account:

Name of Bank:

Banks Main Incoming Wire Routing #:

Account #:

Address of Bank:

Phone Number of Bank:

CORPORATE

Name on Bank Account:

Name of Bank:

Banks Main Incoming Wire Routing #:

Account #:

Address of Bank:

Phone Number of Bank: