

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

In the Matter of the Proposed	)	Final Order
Material Change Transaction of	)	
SDB MTN West Partners, LLC and	)	Transaction ID: 019
SDB Partner Aggregator, LLC	)	

This Order resolves the Notice of Material Change Transaction (the “Notice”) filed by SDB MTN West Partners, LLC and SDB Partner Aggregator, LLC (collectively, the “Entities”) with respect to restructuring of its ownership and debt following loan foreclosure. The Entities filed the Notice with the Oregon Health Authority (“OHA”) under the Health Care Market Oversight Program pursuant to Oregon Revised Statutes (ORS) 415.500 through 415.900 and Oregon Administrative Rules (OAR) 409-070-0000 through 409-070-0085.

On February 1, 2024, 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 409-070-0000 through OAR 409-070-0085. OHA’s analysis is be posted to the HCMO website at <https://www.oregon.gov/oha/HPA/HP/Pages/HCMO-transaction-notice-and-reviews.aspx> and is incorporated herein by reference. A public comment period was open from February 1, 2024, through February 15, 2024. OHA received no public comments.

On March 11, 2024, OHA properly served Notice on the Entities of its approval of the proposed transaction. The notice offered the Entities an opportunity for a hearing, if requested within 15 days of service of the Notice. On March 15, 2024, the Entities waived their right to a hearing.

Now, therefore, upon due consideration of the circumstances, including the Notice of Material Change Transaction, documentation filed in support of the Notice of Material Change Transaction, databases maintained by OHA, websites of the Entities, press reports, academic research articles, and other publicly available reports, OHA enters the following Final Order.

## FINDINGS OF FACT

### OHA FINDS that:

1. On or about January 20, 2024, Entities filed the Notice with OHA.
2. On or about January 29, 2024, OHA notified Entities that the Notice was incomplete and provided guidance about submission requirements.
3. On or about January 30, 2023, Entities filed a revised Notice with OHA.
4. On or about February 1, 2024, OHA notified Entities that it received all requested information and confirmed receipt of a complete Notice. OHA commenced the preliminary review pursuant to OAR 409-070-0055.
5. OHA held a public comment period from February 1, 2024, through February 15, 2024, and received no public comments.
6. On or about February 13, 2024, OHA requested additional information from the entities and tolled the review period pending a response pursuant to OAR 409-070-0045(6).
7. On or about February 17, 2024, Entities responded to OHA's request for information. On or about February 20, 2024, OHA confirmed that it had received all requested information and commenced the review period. OHA notified Entities that the review would be completed by March 11, 2024.
8. Entities are dental support organizations (DSOs) owned and managed by Vardiman Black Holdings, LLC d/b/a Specialty Dental Brands ("SDB"). SDB is a limited liability company incorporated in Delaware and headquartered in Tennessee. SDB operates DSOs in 25 states.
9. SDB is wholly owned by SDB Holdco, LLC ("SDB Holdco"), a limited liability company incorporated in Delaware. Pre-transaction, SDB Holdco is owned by three groups: Leon Capital Group (28.4%), TSG Consumer Partners (29.1%), and dentist owners and management (42.5%).
10. Entities have business services agreements with OR Specialty Dental, LLC a dental practice in Oregon that provides orthodontic and oral and maxillofacial surgery services at five locations. OR Specialty Dental, LLC employs 29 staff and served more than 3,300 patients in the first three quarters of 2023, primarily in Marion and Polk counties.
11. On December 20, 2023, SDB entered into a restructuring support agreement (the "RSA") with its Lenders to restructure SDB's debt and ownership as a result of SDB Holdco and SDB's defaulting on their debts to Lenders.
12. Pursuant to the RSA, SDB Holdco and SDB's investment firm owners, Leon Capital Group and TSG Consumer Partners, will each transfer their respective equity interests in SDB Holdco and SDB to the Lenders, resulting in Lenders having a roughly 55% ownership share in the company. The individual dentist owners and management's ownership share will increase from 42.5% to 45%.

13. The Entities have represented to OHA that the restructuring will have no impact on the operations, management, or services of OR Specialty Dental.

### **CONCLUSIONS OF LAW**

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 not likely to substantially alter the delivery of health care in Oregon.
    - i. This transaction involves a transfer of ownership from private equity and investment firms to a group of Lenders. The objective of the transaction is to restructure debt and ownership to allow the entity to continue to operate after defaulting on loans. The transaction does not involve changes to services or existing business services agreements. OR Specialty Dental will continue to provide the same type of services in the same geographic region.

### **ORDER AND CONDITIONS**

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

1. The transaction is hereby APPROVED upon the basis of the information contained in the Notice of Material Change Transaction to date.
2. The Entities shall notify OHA within one (1) business day following completion of the Transaction by email to [hcmo.info@oha.oregon.gov](mailto:hcmo.info@oha.oregon.gov).

This Order 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(10). 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.

### **APPEAL RIGHTS**

You are entitled to judicial review of this order in accordance with ORS 183.482. You may request judicial review by filing a petition with the Court of Appeals in Salem, Oregon, within 60 days from the date of this Order. If you do not file a petition for judicial review within the 60-day time period, you will lose your right to appeal.

Dated this 15<sup>th</sup> day of March, 2024



---

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