

## Due Diligence List

*The following is a non-exhaustive list of the information and documentation that the Board's Investigative Panel requires or requests as part of the review of Management Arrangements.*

Required Documentation/ Information For Completeness	Submit for review the entire actual or proposed Management Arrangement, including all agreements between the Dentist/Professional Entity and the Management Company, any affiliates, or anyone working in the dental practice (hereafter "Parties"). The submitted documentation must set forth all material terms of the Management Arrangement between the Parties.
	Provide a written summary of all agreements or other documents submitted that constitute the entire Management Arrangement between the Parties and ensure all documents referenced in the written summary have been submitted and are signed.
	Submit the appropriate notarized Verifications signed by an officer or director of the Management Company and by the Dentist. Use the forms provided.
	Submit Waiver of Limited Ex Parte Communications on compliance recommendations signed by an officer or director of the Management Company and the Dentist. Use the forms provided.
Non- Identical Renewals and Transfer Submissions	In addition to the above documents, submitting versions of the arrangement that track or demonstrate the changes made from the previous submitted agreements and the ones being submitted can expedite the normal review process and time frames.
General Content of Submitted Management Arrangement	Describe all the services to be provided to the Dentist/Professional Entity and the Management Company under the Management Arrangement and the time period those services will be provided.
	Set forth the aggregate compensation to be paid by the Dentist/Professional Entity to the Management Company or any affiliates under the Management Arrangement, including all contractual arrangements, stipulations, or other legal binding instruments or the precise methodology for calculating such compensation.
A Compliant Management Arrangement:	<i>The following is a non-exhaustive list of provisions pertinent to the Board's review of management arrangements, which is provided solely as a useful guide or reference in submitting such arrangements:</i>
	Does not permit direct or indirect ownership of, or control over clinical aspects of, the dental business of Dentist/Professional Entity by a Management Company
	Does not grant to the Management Company or another non-professional entity control over the distribution of a revenue stream or control over a line of business of Professional Entity, except for the sale

	of fixed assets of Dentist/Professional Entity under NC law
	Does not permit ownership or exclusive control of Dentist/Professional Entity's patient records by a Management Company
	Does not permit direct or indirect control over, or input into, the clinical practices of the Dentist/Professional Entity, its dentists or ancillary personnel by Management Company
	Does not permit direct or indirect control over the hiring and firing of clinical personnel or material terms of clinical personnel's relationship with the Dentist/Professional Entity by Management Company or related person
	Does not permit authority in Management Company to enter into or approve any contract or other arrangement or material terms of such contract or arrangement, between Professional Entity and a dentist for the provision of dental services or the requirement that Management Company or related person approve or give input into such contract or arrangement
	Does not permit direct or indirect control over the transfer of ownership interests in Professional Entity by a Management Company or other non-professional entity including, without limitation, any agreement or arrangement limiting or requiring in whole or in part the transfer of ownership interests in Professional Entity
	Does not permit payment to the Management Company of anything of value based on a formula that will foreseeably increase or decrease because of the increase or decrease in profitability, gross revenues or net revenues of the Dentist/Professional Entity
	Does not permit payments to Management Company that, at the time of execution of the Management Arrangement are likely, foreseeably, and purposely in excess of the likely profits of Professional Entity, not taking into account the compensation to be paid to the Management Company under the Management Arrangement
	Includes the required provision listed in N.C.G.S. 90-40.2(b) in a clear and conspicuous manner (i.e., "WARNING--YOU HAVE THE RIGHT AND ARE ENCOURAGED TO HAVE THIS CONTRACT REVIEWED BY YOUR OWN LEGAL COUNSEL PRIOR TO SIGNING.")
	Includes a provision that addresses termination of the Management Arrangement and requires the Parties to ensure the continuity of patient care after termination, such as:
	<ul style="list-style-type: none"> <li>- Specific contract termination language allowing for an adequate wind down period relating to continued use of equipment, facilities, computers, billing software, patient and other electronic records, among other necessary items.</li> </ul>
	<ul style="list-style-type: none"> <li>- An appropriate notice provision that if either party terminates the contract early without cause or does not renew the existing contract no less than 60 days' notice, preferably longer, must be given prior to termination/non-renewal of the arrangement.</li> </ul>

Possible Additional Requested Documents or Information	<i>The following is a non-exhaustive list of documents that the Board's IP may request if necessary to determine compliance of the terms or operation of the submitted management arrangements. If requested, information or documentation is typically for several years prior to submission, all of which is kept in the Board's confidential investigative files</i>
	<b>Dental Practice Profit and Loss Statements (P&amp;Ls)</b> , possibly including the source financial documentation used to compile the P&Ls if needed to verify or understand them
	<b>Summary of the payment made by Dentist/Professional Entity to Management Company</b> , possibly including the source financial documentation used to compile the summary
	<b>Summary of the monthly payments or return to Dentist/Professional Entity of all excessive funds collected by Management Company</b> on behalf of Practice, possibly including the source financial documentation used to compile the summary
	<b>Tax returns of Dentist/Professional Entity or Management Company</b> if necessary to verify information in the above other pertinent documentation provided or requested.