



First District

Fall 2018
First District Report

August 14, 2018

The following is a recap of our August board meeting which concluded on August 14th.

A primary responsibility of the Board is the development of a proposed budget to present to the House of Delegates. At this meeting we approved Board Report 2 to the House, transmitting the proposed budget. As part of this process, we reviewed how the budget was developed as well as the underlying revenues and expenses. In addition to reviewing our current operations, we discussed how we must fund and more fully implement search engine optimization so that ADA content rises to the top when the public or members conduct internet searches. A key proposal relating to the budget is a \$22 dues increase. This is needed to keep up with the Consumer Price Index and rising costs. The need to keep our dues in line with CPI increases is a discussion the Board still needs to have.

The budget discussion also addressed the Find-A-Dentist program. Next year is the final year of the three-year initiative. The Board has concluded that the House should fund the final year of the program through an assessment (resolution 36), if it wishes to continue the program. Find-A-Dentist will cost approximately \$6 million next year, which equates to a \$58 assessment. The Board concluded that the program should not be funded through reserves. Talking points will be posted to assist you communicating on this topic.

Our role with CODA remains an important one. The CODA chair met with us to review recent CODA activities. The ADA-CODA workgroup has been busy working to improve the relationship between these two organizations. Part of this work has resulted in a new shared services agreement which will make clear what services the ADA will offer CODA. That agreement was approved by the Board at this meeting and represents an important step forward.

The workgroup also addressed CODA governance. The U.S. Department of Education has certain expectations of CODA governance as part of accrediting CODA. Many of the recommendations presented to us by the ADA-CODA Workgroup are designed to bring CODA governance into conformity with USDOE expectations. Part of the basis to determine exactly what that relationship will look like is how other accrediting bodies operate with respect to their sponsoring organizations. Many of these accrediting bodies are totally independent of any sponsoring organization. In our case, the CODA chair made clear to us that the goal is not separation, but an effective, arms-length relationship between the ADA and CODA.

We have more work to do to address issues among all the interlocking governance documents and how they relate to CODA. We have asked our Governance Committee to bring these back

to us in September after all the technical issues are addressed in order to allow a full Board discussion. In the meantime, the shared services agreement, as the Board has directed, will form the basis for similar documents for all of our affiliated entities.

In addition to CODA governance, we spent considerable time and effort on how the ADA relationship with each subsidiary (e.g., the Foundation and ADABEI) should be structured. We concluded that the relationship to each entity should share some common features. These relate to, in part, the authority of the ADA Board with respect to subsidiary bylaws, the role of the ADA executive director on these affiliated boards, and how members of the affiliated boards are selected or removed. We directed our legal staff to develop some proposals to share with the Foundation and ADABEI boards.

A new affiliated entity, ADA Business Innovation Group, Inc (ADABIG) is being developed now to operate our new business model project. The principles developed with respect to existing affiliated entities apply to this new subsidiary as well. At our meeting we established the basic structure of ADABIG in order to have both optimal operations of the new business and to protect the ADA's tax-exempt status. The subsidiary's board will be skills based and will include both ADA affiliated individuals (officer, trustee or employee) and non-affiliated individuals. This will allow the ADABIG board to have the necessary business skills for successful operation. The ADA Board will name all ADABIG directors and will name the initial directors to staggered terms in September. The subsidiary structure will also include the use of one or more advisory committees, which will allow enhanced input from communities of interest. Revised talking points on the entire project will be posted for you shortly.

A key role of the Board is strategic planning. Dr. Crowley appointed a new workgroup to develop a draft of our next strategic plan and we look forward to that work. Related to this is our obligation to remain aware of trends in our environment. Dr. Vujicic provided us with an update on some of the recent work coming out of HPI. Some of the trends noted by Dr. Vujicic are:

- The slow but steady decline in practice ownership;
- The decline in the percentage of dentists in solo practice (soon to be less than 50%);
- The increasing number of dentists affiliated with DSO (now over 8%);
- Based on developing data, decreasing dental reimbursement rates seems to be affecting dentists in solo practice more than dentists in larger group practices (self-reported data);
- The ownership "premium" in earnings, as compared to employed dentists, is declining in dentistry just as it is in other health care professions.

Dr. Vujicic expects these trends to continue.

CDBP has proposed to the House of Delegates Resolution 33 relating to a potential dental benefit in Medicare. We all recognize the great complexity inherent in this issue and agreed to recommend to the House that the Resolution be referred to the Board for further study and development. Our rationale is explained in the Board comment accompanying the Resolution.

We covered a lot of information at this meeting as we are preparing for the HOD in October. The days started early and ended late and were filled with a considerable amount of dialogue. It could be a rather lively HOD this year. The first set of resolutions has been posted and after our September board meeting, the second set will be posted.

In anticipation of any discussion around a dental benefit in Medicare, I have also included the Oral Health America White Paper: "An Oral Health Benefit in Medicare Part B: It's Time to Include Oral Health in Health Care". I am interested in your feedback.

I will see everyone in Nashua for our pre-HOD caucus meeting!

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