

A Kick in the Teeth: How Consolidation Endangers Independent Dentists

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On July 1, 2025, Delta Dental of Wisconsin (DDWI), the state's dominant dental insurer, acquired Cherry Tree Dental, a private equity-backed dental practice chain and dental services organization. The deal marks the first time in Wisconsin history that a dental insurer has purchased a dental provider.¹ It also offers a glimpse of where the dental healthcare market is headed if policymakers fail to prevent a Big Medicine takeover of dentistry.

Such mergers are not occurring in a vacuum—they follow a broader playbook that has already transformed large segments of the healthcare industry. For example, independent physician practices have been consolidated by hospitals and health systems, private-equity firms, and insurance conglomerates, reshaping care delivery around financial incentives. Dentistry is now seeing the same model applied at warp speed. The results elsewhere in healthcare are instructive: patients face higher and less predictable prices, providers are stretched thin with heavier workloads, independent practices are pushed out, and quality of care often declines as clinical judgment is subordinated to profit.² If left unchecked, the same pattern is likely to take root in oral healthcare, with profound consequences for patients, providers, and competition.

For these reasons, state and federal policymakers must work together to protect patients and providers against the commodification of dentistry – and the perverse incentives that arise when the same entity operates on multiple sides of a healthcare transaction. Policymakers must work to close loopholes in existing laws intended to prohibit the corporate practice of medicine and strengthen antitrust enforcement to prevent further trends toward concentration.

Consolidation in Dental Insurance

The U.S. dental insurance market is highly concentrated. The Delta Dental Plans Association (DDPA), an umbrella organization for 39 affiliated companies, is the nation's largest dental insurer, covering more than 80 million Americans.³ In many states, Delta Dental is the dominant insurer—and, in

¹ "Statement on Dental Insurance Company's Acquisition of Dental Practices," American Dental Association, July 2, 2025, <https://www.ada.org/about/press-releases/statement-on-dental-insurance-company-acquisition-of-dental-practices>.

² "HHS Report Raises Concerns over Consolidation in Healthcare Market," Bass, Berry & Sims, January 2025, <https://www.bassberry.com/81045-2/>.

³ "About Us," Delta Dental of Wisconsin, accessed July 25, 2025, <https://www.deltadentalwi.com/s/about-us>; "Delta Dental Network Reference," Delta Dental of Wisconsin, accessed July 25, 2025, <https://www4.deltadentalwi.com/assets/images/state/ETF%20Network-Reference.pdf>.

some, such as Illinois and California, virtually the default.⁴⁵ Other major players include MetLife, Cigna, and UnitedHealthcare, but their market shares are much smaller.^{6 7} Nationally, Delta Dental's share has hovered around 59% to 65% in recent years, far higher than any competitor.⁸

This concentration is only getting worse. Between 2019 and 2023, the number of dental insurers nationwide declined by roughly 15%, even as enrollment in their offerings grew.⁹ Fewer insurers means weaker competition, with direct consequences for patients and providers alike. When one company controls most of a state's market, it can dictate reimbursement rates, coverage terms, and whether independent practices survive.

Wisconsin reflects this broader trend. Delta Dental of Wisconsin (DDWI) is the state's dominant dental insurer, covering more than 2.6 million residents. Its provider network includes more than 90% of Wisconsin dentists, giving it unparalleled leverage in shaping how dental care is delivered and paid for.¹⁰

DDWI is also increasingly vertically integrated with other entities along the healthcare supply chain, prompting concerns among federal lawmakers and dentists alike.¹¹ DDWI also owns Wyssta, Inc., whose subsidiaries include a vision insurer, a healthcare benefits manager, and a venture capital firm that has invested in Armata Pharmaceuticals, which develops drugs to treat antibiotic-resistant bacterial infections; Healthentic, which "help[s] benefit managers control costs and outcomes;" and Encara, which markets individual dental plans.¹² DDWI is also a joint owner – with Delta Dental of Illinois and Delta Dental of Virginia – of NorthWinds Technology Solutions, which offers IT services related to dental claims processing.¹³ The Cherry Tree acquisition extends this integration into the direct ownership of dental providers.

The DSO Shift

⁴ "California Dental Enrollment by Plan, Combined DMHC and CDI, 2017" California Department of Health Care Access and Information <https://hcai.ca.gov/wp-content/uploads/2020/12/California-Dental-Enrollment-by-Plan.pdf>

⁵ "2024 Market Share Report: Health," Illinois Department of Insurance, May 2025 <https://doi.illinois.gov/content/dam/soi/en/web/insurance/reports/reports/2024-health-market-share-report.pdf>

⁶ "Dental Insurance Market 2025 Valued at USD 253.72 Bn is Projected to Surpass USD 566.34 Bn by 2034," Global Newswire, July 23, 2025, https://www.globenewswire.com/news-release/2025/07/23/3120419/0/en/Dental-Insurance-Market-2025-Valued-at-USD-253-72-Bn-is-Projected-to-Surpass-USD-566-34-Bn-by-2034.html?utm_source

⁷ "Public Comment on Lack of Competition in the US Dental Insurance Market," American Dental Association, May 21, 2025 https://www.ada.org/-/media/project/ada-organization/ada/ada-org/files/advocacy/dental-insurance-reform/ada_comments_on_lack_of_competition_in_the_u.pdf?rev=6cf3767e08ec49d3a75720293e51e732&hash=A531068A49953D7FE4EF6C104C7B4C90

⁸ Consolidated Complaint, *In Re: Delta Dental Antitrust Litigation*, U.S. District Court Northern District of Illinois, Case No. 1:19-cv-06734, Nov. 26, 2019, https://www.ada.org/-/media/project/ada-organization/ada/ada-org/files/resources/practice/legal-and-regulatory/delta_dental_litigation_cac.pdf

⁹ "Dental Insurance Enrollment Rising," Mark Farrah Associates, Feb. 19, 2025, <https://www.markfarrah.com/mfa-briefs/dental-insurance-enrollment-rising-/>.

¹⁰ "About Us," Dental Delta of Wisconsin, accessed July 25, 2025, <https://www.deltadentalwi.com/s/about-us>; "Delta Dental Network Reference," Delta Dental of Wisconsin, accessed July 25, 2025, <https://www4.deltadentalwi.com/assets/images/state/ETF%20Network-Reference.pdf>.

¹¹ "House Committee Leaders Request Study of Dental Insurance Industry," ADA News, February 2024, <https://adanews.ada.org/ada-news/2024/february/house-committee-leaders-request-study-of-dental-insurance-industry/>

¹² Report of the Examination of Wyssta Insurance Company, Inc." Wisconsin Office of the Commissioner of Insurance, Nov. 3, 2022, <https://oci.wi.gov/Documents/Companies/FinWyssta.pdf>.

¹³ *Ibid.*; "About Us," NorthWinds Technology Solutions, accessed July 25, 2025,

Most states have corporate practice of dentistry laws intended to prevent non-dentists from owning or controlling dental practices. These laws are designed to protect clinical decision-making from commercial interference.¹⁴ But this legal framework is uneven and filled with exploitable loopholes.¹⁵

One of the most common workarounds is the dental services organization (DSO) model, which closely resembles the management services organization in the medical sector. In a typical arrangement, a dental practice either forms a DSO to attract corporate investment or a corporate entity forms a DSO through which to invest in a dental practice.¹⁶ In both cases, the practice is helmed by a “friendly dentist,” who remains the legal owner of the practice while the DSO handles administrative and management functions. In effect, the DSO maintains operational control over the clinic’s finances, staffing, and strategic decisions, skirting state laws meant to prevent such corporate practice.

Prior to its acquisition by DDWI, Cherry Tree Dental was the state’s largest independent general dentistry provider, and it remains one of its largest DSOs. Founded in 2006 as a single family-owned practice, it has expanded through the steady acquisition of small clinics. These clinics are now consolidated under a centralized management structure. In 2022, private equity firm ICV Partners acquired a majority stake in the company.¹⁷ By 2024, Cherry Tree operated more than 40 locations across Wisconsin, Illinois, Michigan, and Minnesota.

Like the dental insurer market, the dental practice and DSO markets are increasingly consolidated. In recent years, dentists have moved away from practicing independently to employment by groups and affiliating with DSOs.¹⁸ For instance, 73% of U.S. dentists were practice owners in 2023, compared with 85% in 2005.¹⁹ Meanwhile, 13.8% of U.S. dentists were affiliated with a DSO in 2023, up from 7.4% in 2015.²⁰ Wisconsin had the sixth-highest rate of DSO affiliation, at 21%.²¹

¹⁴ Erik Peinert, Pat Garofalo, and Emma Freer, “Tools to Challenge Big Medicine: A Guide for State Lawmakers,” American Economic Liberties Project, updated March 2025, https://www.economicliberties.us/wp-content/uploads/2025/03/AELP-StateLeg-Healthcare-Toolkit_final.pdf

¹⁵ Fred Schulte, “Sick Profit: Investigating Private Equity’s Stealthy Takeover of Health Care Across Cities and Specialties,” KFF Health News, Nov. 14, 2022, <https://kffhealthnews.org/news/article/private-equity-takeover-health-care-cities-specialties/>; Helen Santoro, “Private Equity Wants Your Teeth,” *The Lever*, July 22, 2025, <https://www.levernews.com/private-equity-wants-your-teeth/>.

¹⁶ *Ibid.* at 8.

¹⁷ Corrinne Hess, “Dentists across Wisconsin worry after insurance company buys large dental practice,” Wisconsin Public Radio, July 28, 2025, <https://www.wpr.org/news/dentists-wisconsin-worry-insurance-company-buys-practice>; “Home,” Cherry Tree Dental, accessed July 25, 2025, <https://cherrytreedental.com/>; “ICV Partners Announces Majority Investment In Cherry Tree Dental,” ICV Partners, March 16, 2021, <https://www.icvpartners.com/icv-partners-announces-majority-investment-in-cherry-tree-dental/>.

¹⁸ Marko Vujicic et al., “Practice Ownership Trends in Dentistry: A New Look at Old Data,” ADA Health Policy Institute, July 2025, https://www.ada.org/-/media/project/ada-organization/ada/ada-org/files/resources/research/hpi/practice_ownership_trends_dentistry_new_look_old_data.pdf?rev=13d2caf181004d228be2c4c8f991e49e&hash=2742D18938D178DA6087D91BC383952D; Marko Vujicic, “The Evolving Dental Practice Model: Data Update for 2023 on Practice Size and DSO Affiliation,” ADA Health Policy Institute, accessed July 25, 2025, https://www.ada.org/-/media/project/ada-organization/ada/ada-org/files/resources/research/hpi/hpi_evolution_dental_practice_model_2023.pdf; Marko Vujicic, “The Evolving Dental Practice Model: Data Update for 2022,” ADA Health Policy Institute, accessed July 25, 2025, https://www.ada.org/-/media/project/ada-organization/ada/ada-org/files/resources/research/hpi/hpi_evolution_dental_practice_model_2022.pdf.

¹⁹ *Ibid.*

²⁰ *Ibid.*

²¹ *Ibid.* at 18.

Private equity is only accelerating this trend. In 2024, there were at least 161 private equity deals in the dental sector—more than in any other area of health care.²² Most of those transactions fell below the federal threshold for automatic antitrust review.²³

Private-equity investment in health care is closely associated with significant price increases and “mixed to harmful effects on healthcare quality.”²⁴ Research shows that private equity-affiliated dental practices not only charge more for care but also shift away from diagnostic and preventive procedures to higher-cost restorative, specialty, or surgical care.²⁵ For example, in 2017, two-year-old Zion Gastelum died shortly after receiving extensive dental work at a clinic affiliated with private equity. His parents alleged that the clinic had overtreated and overbilled in pursuit of profit.²⁶

Why Consolidation Harms Patients and Providers

Consolidation between insurers, DSOs, and dental practices is reshaping these markets and introducing conflicts of interest that harm patients, providers, and competition.

For instance, by acquiring Cherry Tree Dental, DDWI can “earn double margins,” collecting premiums from its members and service profits from its practice locations.²⁷ It can steer members to affiliated practices, starving unaffiliated competitors of business and patients of choice. It can overpay its affiliated practices, gaming state laws that establish dental loss ratios, or requirements that dental insurers spend a certain portion of premium dollars on benefits.²⁸ It can threaten to exclude unaffiliated dental practices from its provider networks to pressure them to sell to DDWI. It can dictate clinical protocols aimed at cost-cutting rather than providing quality care. And it can lock dentists into contracts that condition job security on accepting low reimbursement rates.

These are not new dynamics. Vertical integration between insurers and medical providers is far more advanced. The result has been higher costs, lower quality, and the erosion of independent practice.²⁹ Dentistry is simply further back on the same curve—unless policymakers act.

Policy Recommendations

The Delta Dental–Cherry Tree deal is significant not only because it combines the state’s dominant insurer with a major provider network but also because it sets a precedent. Once one insurer

²² Mary Bugbee, Eileen O’Grady, and Michael Fenne, “Private Equity Healthcare Deals: 2024 in Review,” Private Equity Stakeholder Project, Feb. 20, 2025, https://pestakeholder.org/reports/healthcare-deals-2024-in-review/#_ftn38.

²³ “New HSR thresholds and filing fees for 2025,” Federal Trade Commission, Feb. 6, 2025, <https://www.ftc.gov/enforcement/competition-matters/2025/02/new-hsr-thresholds-filing-fees-2025>.

²⁴ Alexander Borsa et al., “Evaluating trends in private equity ownership and impacts on health outcomes, costs, and quality: systematic review,” *BMJ*, July 19, 2023, <https://www.bmj.com/content/382/bmj-2023-075244>.

²⁵ Kamyar Nasseh et al., “Financial Incisors: Cutting Through the Effects of Private Equity on Dentistry Market Dynamics and Care Delivery,” SSRN, Nov. 19, 2024, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5025719.

²⁶ Fred Schulte, “Sick Profit: Investigating Private Equity’s Stealthy Takeover of Health Care Across Cities and Specialties,” *KFF Health News*, Nov. 14, 2022, <https://kffhealthnews.org/news/article/private-equity-takeover-health-care-cities-specialties/>; Helen Santoro, “Private Equity Wants Your Teeth,” *The Lever*, July 22, 2025, <https://www.levernews.com/private-equity-wants-your-teeth/>.

²⁷ “Delta claims a DSO (for itself),” *The Morning Grind*, July 15, 2025, <https://www.themorninggrind.com/p/delta-claims-a-dso-for-itself>.

²⁸ Olivia Anderson, “Dental loss ratio: Putting patient care first,” *ADA News*, April 22, 2025, <https://adanews.ada.org/ada-news/2025/april/dental-loss-ratio-putting-patient-care-first/>.

²⁹ “America’s Health Care Consolidation Crisis: A Ledger of Harms and Framework for Advancing Economic Liberty for All,” American Economic Liberties Project, October 2024, <https://www.economicliberties.us/wp-content/uploads/2024/10/10-24-AELP-healthcare-ledger.pdf>.

successfully integrates with a large provider group, others are likely to follow.³⁰ This could trigger a wave of insurer–provider mergers across the state and beyond.

Stopping harmful consolidation in dental health care requires coordinated action at both the federal and state levels.

Federal enforcers must closely scrutinize vertical mergers in the dental sector, particularly when dominant insurers move to acquire large DSOs and provider groups. Oversight and enforcement are critical to prevent the same pattern of reduced competition, higher costs, and diminished care quality that has already played out across other areas of healthcare.

Congress and state legislatures must also strengthen corporate practice of dentistry laws, closing loopholes that private-equity and other corporate entities routinely exploit. Without stronger protections, corporate actors will continue to sidestep restrictions and exert effective control over clinical decision-making.

Oregon offers a strong model for reform. In 2024, Governor Tina Kotek signed SB 951, closing long-standing gaps in the state’s corporate practice of medicine law.³¹ For years, corporate investors used MSOs to exert functional control over physician practices. SB 951 bans indirect corporate ownership, voids restrictive contracting practices like noncompete agreements, and prohibits corporate control over core clinical and operational decisions—including work schedules, staffing, billing practices, and diagnostic coding.³² In doing so, Oregon became the first state to clearly reassert clinician independence against corporate ownership.

State and federal lawmakers should now apply this model to the dental sector. A strong corporate practice of dentistry statute should:

- Ban non-dentist ownership and control, including indirect arrangements such as straw ownership, joint ventures, or contractual agreements that give unlicensed entities authority over a practice.
- Regulate DSO contracts to ensure they cannot dictate staffing levels, work schedules, diagnostic coding, billing practices, or clinical standards.
- Prohibit restrictive contracting practices like non-compete, non-disclosure, and non-disparagement agreements that prevent dentists from leaving to open independent practices or speaking out about care quality.
- Require transparency by mandating annual public reporting of all ownership interests, affiliated entities, and DSO relationships, along with governance structures and financial information.
- Review material change transactions—mergers, acquisitions, or joint ventures above a certain threshold—for their impact on costs, access, and competition, with authority for the state dental board or attorney general to approve, conditionally approve, or block deals.
- Enforce compliance through meaningful penalties, public reporting, and post-transaction oversight, including the ability to unwind unlawful deals.

³⁰ "Antitrust, Health Care Quality, and the Courts," Peter J Hammer & William M Sage, April 2002, Texas A&M School of Law <https://scholarship.law.tamu.edu/facscholar/1749/>

³¹ "Oregon Enacts Strict New Corporate Practice of Medicine Law (SB 951)," Reed Smith, July 2025, https://www.reedsmith.com/en/perspectives/2025/07/oregon-enacts-strict-new-corporate?utm_source

³² "Oregon Passes Strictest Corporate Practice of Medicine Law in the Nation," Maynard Nexsen, June 2025, https://www.maynardnexsen.com/publication-oregon-passes-strictest-corporate-practice-of-medicine-law-in-the-nation?utm_source

By closing loopholes and enforcing real limits on corporate control, states can protect the integrity of dental care and ensure that decisions about treatment are made for the benefit of patients—not shareholders.

Conclusion

The Delta Dental–Cherry Tree merger is a warning shot. It shows how easily a dominant insurer can extend its reach into the provider market, leveraging control over both financing and care delivery. Left unchecked, this trend will replicate the worst outcomes of medical sector- consolidation: higher costs, lower quality, diminished patient choice, and the erosion of independent professional practice.

Dentistry is still at a stage where decisive policy action can prevent this future. Federal and state policymakers have the tools — namely, stronger antitrust enforcement and corporate practice of dentistry laws — to keep insurers from dictating the terms of care. The question is whether they will use them before the damage is done.