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File No.: 50442-02

August 31, 2005

Stanley S. Makarevic, Assistant Director
Contract Compliance Administration Unit
Department of the Treasury
Division of Purchase & Property
33 West State Street
Trenton, New Jersey 08625-0039

Re: Dental Services for the Department of Corrections

Dear Mr. Makarevic:

We represent Correctional Dental Associates, a professional corporation ("CDA"), and are writing on behalf of CDA to address issues beyond the performance of Correctional Medical Services, Inc. ("CMS"), about which Dr. Hayling has already advised you. These matters involve CMS's compliance with the New Jersey Professional Service Corporation Act, N.J.S.A. 14A:17-1, et seq., and with the RFP, whose terms form the basis for CMS's contract with the State.

In order to comply with New Jersey corporate law, CMS appears to have created AllCare Dental Group, LLC. AllCare was incorporated on March 2, 2005. On April 1, 2005, CMS's subcontract with AllCare to provide the dental services promised in CMS's bid proposal became effective. According to CMS's memorandum requesting approval of the subcontract, the majority owner of AllCare is Janice Bell, D.M.D., and a minority owner is Lionel Anicette, M.D. Dr. Anicette, a full-time CMS employee, is CMS's Medical Director, and

Dr. Bell is his spouse. This arrangement, we believe, violates our corporate laws in two significant respects.

First, a professional corporation is not so much a corporation practicing a profession as it is a professional permitted to assume corporate status for tax purposes. Here, it appears that AllCare has been incorporated solely as a vehicle for CMS to provide dental services under its contract with the State. Pursuant to the Open Public Records Act, we have requested a copy of the subcontract, but have not yet received one. CMS has objected to the request, claiming that its price terms with AllCare are proprietary. That dispute has yet to be resolved. In any event, the subcontract, as well as the precise manner of AllCare's operations—for example, AllCare's economic arrangements, and how it handles employee benefits, malpractice and other matters—may demonstrate that AllCare is CMS for all intents and purposes.

Second, the Professional Service Corporation Act serves to protect patient-dentist relationships by barring a general corporation from itself offering professional services. Indeed, CMS recognizes this issue. In its June 3, 2005 memorandum requesting approval of the subcontract, it says: "The duly licensed professionals engaged by the subcontractor have the single 'patient-dentist' relationship, and those treating professionals provide the direct clinical dental services to their patients." If, as appears to be the case, AllCare is nothing more than the alter ego of CMS, incorporated for the purpose of providing dental services under the State contract, CMS's corporate decisions and policies could interfere with the delivery of dental services, which is the very result the Act is designed to avoid.

In approving AllCare as CMS's dental subcontractor, the Division of Purchase and Property was to be guided by the RFP, which contains specific criteria for approval. Under Section 4.4.3.8, CMS was required to provide: 1) documentation to demonstrate that the subcontractor had successfully performed work on contracts whose size and scope were similar to the services to be provided to the New Jersey Department of Corrections; and 2) detailed resumes to demonstrate that the personnel, supervisory and otherwise, have knowledge, ability and experience which are relevant to the services CMS is required to provide.

Since AllCare is newly-formed and newly-staffed, it could not demonstrate that it had performed *any* work, let alone work on contracts of a similar size and scope. Indeed, AllCare did not attempt to demonstrate it could satisfy the experience requirement. The Division then has approved an entity without any experience.

In fact, CMS's single rationale for approval of the subcontract is that "AllCare has considerable depth of knowledge and hands-on experience in providing services to underserved populations." Apart from the fact that AllCare's knowledge and experience are not immediately evident from the documents CMS has provided, the relevance of providing services to "underserved" groups is not clear. Ironically, the reason that NJDOC's inmate population is "underserved" is that CMS has utterly failed to live up to the promises it made in the contract with the State.

As we know you will agree, providing dental care in a prison environment requires unique knowledge and ability. Of the more than 30 dentists identified as being in AllCare's

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group, only one has correctional experience, and she worked part-time in a county correctional facility for a period of sixteen months. We do not mean to denigrate the training, experience or abilities of any of the persons in the AllCare group. However, it is unclear how their experience can be judged relevant to the work AllCare has contracted to perform.

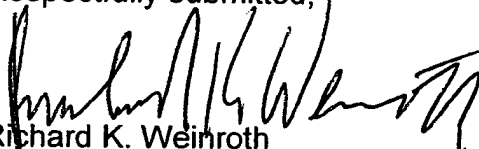
Furthermore, Dr. Bell, AllCare's dental director, devotes only part of her time to the job. She is also the director of another dental program.

According to the RFP (Section 5.10), the State's contractor "must" demonstrate the requisite experience of its subcontractor and its personnel. In other words, these are requirements the Division was not permitted to waive. A proposed subcontractor must "equal or exceed" the qualifications and experience of the subcontractor being replaced.

The benchmark for relevant experience, as to both the subcontractor itself and dentists in the group, is Correctional Dental Associates. CDA has the necessary corporate experience, and its personnel all have substantial correctional experience. We do not believe AllCare begins to measure up to this standard.

Please do not hesitate to contact us if you have any questions on these issues.

Respectfully submitted,



Richard K. Weinroth

RKW:vkb

cc: See Attached

Peter Cammarano, Chief of Staff, Office of the Governor
John E. McCormac, Treasurer
Devon Brown, Commissioner, Department of Corrections
Fred Jacobs, M.D., J.D., Commissioner, Department of Health & Senior Services
Diane Legreide, Chief of Management and Operations, Office of the Governor
Loretta O'Sullivan, Deputy Chief of Management & Operations, Office of the Governor
Bonnie Watson Coleman, Assemblywoman
Reed Gusciora, Assemblyman
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George W. Hayman, M.S.W., Assistant Commissioner,
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Leslie A. Hayling, Jr., D.D.S., President, Correctional Dental Associates