

# STERNS & WEINROTH

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File No.: 50442-02

July 20, 2006

Bradley Abelow, Treasurer  
**Department of the Treasury**  
Office of the Governor  
State House  
P.O. Box 002  
Trenton, NJ 08625-0002

**Re: Dental Services for Department of Corrections/  
Correctional Dental Associates**

Dear Mr. Abelow:

We represent Correctional Dental Associates ("CDA") and are writing to follow up on our letter of June 14, 2006 based on circumstances of which you may not be aware which go beyond the performance of Correctional Medical Services, Inc. ("CMS"), which has not met contractual requirements, as we have explained in our letter of June 14, 2006. The issue involves CMS's dental subcontractor, AllCare Dental Group, LLC ("AllCare").

The Request for Proposals for the contract awarded to CMS ("RFP") required that CMS demonstrate that its subcontractors have experience on contracts of a similar size and scope to New Jersey's. In its justification for approval of AllCare as a subcontractor (copy attached), CMS said only that AllCare had experience providing care to "underserved populations." AllCare, formed on March 2, 2005 (after the submission of bids), proposed to employ only one dentist with correctional experience, and even that experience was limited. More importantly, AllCare, as a newly formed entity, had no experience in managing anyone's care, let alone administering a contract to furnish dental health care to 26,000 inmates. As the RFP made plain, it was essential that the dental subcontractor have a proven track record of administering care in a correctional setting. However, the Division of Purchase and Property approved a subcontractor, AllCare, which not only had no relevant experience, but had no experience of any kind.

As you know from your review of the file, or will learn from the attached letters of August 31 and September 29, 2005 on this issue, AllCare was created by CMS to directly provide the dental services CMS promised in its bid to the State. While the economic terms of the CMS-AllCare relationship have been withheld from us, the other provisions in the contract make it plain that AllCare could never stand on its own. Under the subcontract (redacted copy attached), CMS is to provide AllCare with all necessary support and ancillary services—including office space, supplies, office staff, and assistance in the credentialing and recruitment of dentists. CMS is also required under the subcontract to provide professional liability insurance for AllCare's dentists. CDA has been advised that CMS provides AllCare with dental assistants and manages the delivery of prosthetic care. We believe that the evidence demonstrates that AllCare is controlled by CMS.

As we have also noted in earlier correspondence, CMS appears to be the virtual owner of AllCare. AllCare's majority owner is the wife of CMS's Medical Director, and a minority owner is the CMS Medical Director himself. This ownership structure only underscores the identity between CMS and AllCare.

Finally, in its justification for offering AllCare as a subcontractor, CMS claimed that AllCare was a "minority- and woman-owned business enterprise," which would help New Jersey meet its "budgetary and women and minority business enterprise goals." (In fact, AllCare warranted in its subcontract with CMS that it was certified as a minority- and woman-owned enterprise.) The New Jersey Department of Commerce has advised us that AllCare has not been certified as a bona fide minority- or woman-owned enterprise. In fact, the Department has no records regarding AllCare. Such a certification would demonstrate that AllCare is really a minority- or women-owned enterprise. CMS's subcontractor justification should also be reexamined in this light.


On the other hand, CDA was certified as a minority business enterprise in 1995 and has been certified since then. We have attached a copy of CDA's certification, which CDA is in the process of renewing.

New Jersey's Professional Service Corporation Act barred CMS from providing dental services directly to the State. In an apparent attempt at end running the Act, CMS created AllCare for the sole purpose of providing these services. For the reasons stated above, we believe CMS impermissibly controls AllCare in violation of the Act.

The benchmark for relevant experience, as to both the dental subcontractor itself and dentists in the group, is Correctional Dental Associates. CDA is a bona fide autonomous professional service corporation and has the necessary corporate experience, and CDA's personnel all have substantial correctional experience. AllCare does not measure up to these established standards.

Please do not hesitate to contact us if you have any questions about this matter.

Very truly yours,



Joel H. Sterns

MDS:vkb  
Enclosure

cc: The Honorable Wayne R. Bryant, State Senator  
The Honorable Sharpe James, State Senator  
The Honorable Shirley K. Turner, State Senator  
The Honorable Bonnie Watson Coleman, Assemblywoman  
The Honorable Herbert Conaway, Jr., M.D., Assemblyman  
The Honorable Joan Quigley, Assemblywoman  
Thomas Shea, Chief of Staff, Office of the Governor  
Ronald Susswein, Assistant Counsel, Office of the Governor  
George W. Hayman, M.S.W., Commissioner, Department of Corrections  
Fred Jacobs, M.D., J.D., Commissioner, Department of Health & Senior Services  
James E. Harris, President, New Jersey Conference of the NAACP  
Bruce S. Gordon, National President of the NAACP  
Leslie E. Grant, President, National Dental Association  
Elmo Randolph, D.D.S., President, Commonwealth Dental Society  
James J. Schulz, Jr., Director, New Jersey Dental Association Governmental Affairs  
Kevin B. Earle, Executive Director, New Jersey Board of Dentistry  
Judith Stanley, National Commission on Correctional Health Care

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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

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

August 31, 2005

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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  
Shirley K. Turner, Senator  
George W. Hayman, M.S.W., Assistant Commissioner,  
New Jersey Department of Corrections  
John V. Naiman, Director  
Alice K. Small, Associate Deputy Director  
Jack MacNeil, Department of Corrections  
Peter Roselli, Assistant Commissioner, Department of Corrections  
Sharon Joyce, Esq., Deputy Attorney General  
Leslie A. Hayling, Jr., D.D.S., President, Correctional Dental Associates



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File No.: 50442-02

September 29, 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 ("CDA"). We are writing to follow up on our letter of August 31, 2005, in which we addressed, among other things, the compliance of Correctional Medical Services, Inc. ("CMS") with the New Jersey Professional Service Corporation Act (the "Act"), which permits certain professionals to assume the corporate status for tax purposes, and CMS's failure to fulfill the subcontractor requirements of the RFP in utilizing the AllCare Dental Group, LLC. In our August 31 letter, we noted that CMS appeared to have created AllCare solely for the purpose of providing the dental services under CMS's contract with the State.

The purpose of the requirement in the Act that professionals alone own professional corporations is to ensure that those professionals retain control over their patient relationships and that they not be answerable to corporate executives for the care they provide. Liberty Mutual Ins. Co. v. Hyman, 334 N.J. Super. 400 (Law Div. 2000). Therefore,

because CMS cannot itself provide dental services, CMS also cannot consistent with the Act provide those services through a subcontractor it forms or controls. AllCare is such a subcontractor.

We have now obtained a redacted version of CMS's subcontract with AllCare and have enclosed a copy for your information. It appears from the agreement that AllCare's role is even narrower than we had originally believed. AllCare seems to have been incorporated for the sole purpose of employing the dentists through which CMS can fulfill its obligations to provide care to inmates.

Under the subcontract, CMS will provide to AllCare all necessary administrative support and ancillary services—including office space, supplies, office staff, and assistance in the recruitment of dentists. It is not at all clear, from the subcontract and other documents, how CMS proposes to manage the delivery of dental services, since AllCare's dental director holds a position with another employer. CMS is also required under the subcontract to provide professional liability insurance for AllCare's dentists. Furthermore, we understand CMS employs and furnishes dental assistants.

As we pointed out in our letter of August 31, it is likely that CMS is able to utilize this management structure because AllCare's majority owner and dental director is the spouse of CMS's Medical Director, who is himself a minority owner of AllCare. This ownership structure only underscores the identity between CMS and AllCare. It explains how CMS employs dentists through AllCare, which it cannot do directly under the Act.

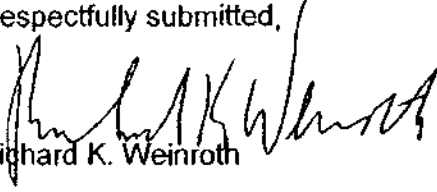
AllCare is evidently not independent of CMS. It is not the stand alone professional entity the Act envisions. Again, it appears to be nothing more than a vehicle CMS is utilizing to employ dentists and end run the Act.

The problem CMS poses, while new to New Jersey, has arisen in other states. New York, Massachusetts and Maryland have all dealt with it by either bidding inmate dental services independently or requiring that such services be provided by a bona fide professional service corporation. We do not think New Jersey should sidestep the issue by permitting a professional practice in the corporate form.

We have been unable to ascertain the basis upon which AllCare is to be compensated and whether CMS provides anything to dentists beyond malpractice insurance, since the financial terms of the subcontract have been redacted. However, we are confident that you will be able to do so, since you have access to the unredacted subcontract.

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

September 29, 2005

Page 4

Peter Cammarano, Chief of Staff, Office of the Governor  
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Jack MacNeil, Department of Corrections  
Peter Roselli, Assistant Commissioner, Department of Corrections  
Sharon Joyce, Esq., Deputy Attorney General  
Leslie A. Hayling, Jr., D.D.S., President, Correctional Dental Associates



## **Memorandum**

**To:** Christine Weiland, State Contract Manager

**From:** David Mecker  
Regional Vice President

**Date:** June 3, 2005

**Re:** Request to Subcontract Services - Dental

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Pursuant to Section 5.10 of the Contract, Correctional Medical Services, Inc. (CMS) requests that the New Jersey Department of Corrections (NJDOC) approve this request to subcontract the clinical dental services component of the CMS Contract.

### **Services to be subcontracted:**

Correctional Medical Services, Inc. (CMS) requests that NJDOC approve CMS' engagement of the subcontractor identified below to provide clinical dental services under the NJDOC/CMS Contract. To support communication and contract administration, CMS also engages Gerald Stratthaus, DMD, in the administrative capacity of Dental Director. Dr. Stratthaus works with NJDOC Dental Director, Dr. Louis Colella, to monitor the delivery of dental services throughout the State by dental professionals engaged by the subcontractor. The duly licensed professionals engaged by the subcontractor have the "patient-dentist" relationship, and those treating professionals provide the direct clinical dental services to their patients.

### **Subcontractor:**

AllCare Dental Group, LLC  
51 JFK Parkway, First Floor West  
Short Hills, NJ 07078  
(973) 218-2458

### **Subcontractor's Authorization To Provide Services & Ownership:**

AllCare Dental Group, LLC, is appropriately authorized to do business in the State of New Jersey, organized solely for the purpose of providing dental care. AllCare is organized as a limited liability company under the laws of the State of New Jersey. Dr. Janice Bell, DMD, is the majority owner and makes all operational decisions. Dr. Lionel Anicette, MD, owns a

minority interest in the business, but does not play an active role in the management of AllCare.

**Experience:**

The experience of AllCare Dental Group and Dr. Janice Bell are detailed in the attached materials.

**Justification:**

As the attached materials demonstrate, AllCare has considerable depth of knowledge and hands-on experience in providing services to underserved populations. Dr. Janice Bell, AllCare's dental director and principal owner, has been providing and overseeing dental care in community-based and public health settings since 1998. Dr. Bell's public health experience and contacts will be a valuable asset to the DOC and CMS in the provision of dental services to the incarcerated population of the State of New Jersey.

In AllCare, CMS located a subcontractor that brings specialized expertise in providing quality dental care to underserved populations, and one that does so in a fiscally responsible manner. In addition, AllCare Dental is a minority- and woman- owned business enterprise, in keeping with other goals of the State.

By engaging AllCare, CMS is able to deliver to the State and its incarcerated population a high level of service, while retaining overall contracting responsibility for the program. We believe that the addition of AllCare Dental Group, LLC, as a dedicated dental service subcontractor, will provide high quality dental care to New Jersey inmates, and will also support NJDOC's budgetary and women and minority business enterprise goals. For the foregoing reasons, CMS requests NJDOC's acceptance and acknowledgement of AllCare Dental Group, LLC, as an approved subcontractor under the NJ Department of Corrections contract with CMS.

## DENTAL SERVICES AGREEMENT

This agreement is made and entered into and shall be effective as of the 30<sup>th</sup> day of March, 2005, by and between Correctional Medical Services, Inc., a Missouri corporation (hereinafter referred to as "CMS") and AllCare Dental Group, L.L.C., a New Jersey limited liability company (hereinafter referred to as "AllCare").

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, CMS and AllCare agree as follows:

1. **Definitions:** As used in this Agreement, the following terms shall have the following meanings:

- a. **Agreement:** As used in this Agreement, the term "Agreement" shall mean this agreement between CMS and AllCare, including any amendments hereto or extensions hereof.
- b. **Dental Services:** As used in this Agreement, the term "Dental Services" means those dental health services which CMS is obligated to provide to the Patients in accordance with the Prime Contract, including but not limited to: dental screenings; dental examinations; dental treatments, not limited to extractions, when the health of the Patient would otherwise be adversely affected as determined by the dentist; and, referral to dental specialists as needed.
- c. **CMS:** As used in this Agreement, the term "CMS" shall mean Correctional Medical Services, Inc., a Missouri corporation, having its principal offices at 12647 Olive Boulevard in St. Louis, MO 63141, and a Regional Office located at 830 Bear Tavern Road, Suite 301, Ewing, New Jersey 08628.
- d. **Correctional Facilities:** As used in this agreement, the term "Correctional Facilities" shall mean those New Jersey State correctional facilities for which CMS is currently obligated to provide Dental Services to under the Prime Contract, as listed in Exhibit A which is attached hereto and incorporated herein by reference.
- e. **Effective Date:** As used in this agreement, the term "Effective Date" shall mean April 1, 2005.
- f. **FTE:** As used in this agreement, the term "FTE" shall mean full time equivalent, or 2,080 hours annually.

**COPY**

- g. Full Time: As used in this agreement, the term "full time" shall mean 40 (40) hours worked per week on site, each and every week of the contract term.
- h. AllCare: As used in this agreement, the term "AllCare" shall mean AllCare Dental Group, LLC, 51 JFK Parkway, 1<sup>st</sup> Floor West, Short Hills, New Jersey, 07078.
- i. Parties: As used in this agreement, the term "Parties" shall mean CMS and AllCare.
- j. Patients: As used in this agreement, the term "Patients" shall mean those inmates and detainees housed at New Jersey state correctional institutions.
- k. Prime Contract: As used in this agreement, the term "Prime Contract" means that contract between CMS and the State of New Jersey whereby CMS is obligated to make available certain health care services, including dental services, to Patients at certain New Jersey state correctional institutions.

2. Recitals of Pertinent Facts:

- a. CMS is in the business of contracting to supply professional health care services, including dental services, for inmates of correctional institutions and other agencies.
- b. CMS has executed or will soon execute the Prime Contract with the State of New Jersey, to be effective from April 1, 2005 to December 31, 2007, and with three, one-year renewal option periods.
- c. AllCare is in the business of employing or contracting with dentists to provide dental services.
- d. CMS desires to enter into a subcontract arrangement whereby AllCare will be obliged to arrange to provide dental services to Patients as are required to be provided under the Prime Contract, and for the term of the Prime Contract (unless earlier terminated), and AllCare desires to undertake such obligations in return for certain consideration.
- e. AllCare is in need of certain administrative support services for its correctional operations, and CMS is able to provide such administrative support services to AllCare. The Parties mutually desire for CMS to provide such services for AllCare in accordance with the terms and conditions of this Agreement.

**COPY**



- f. The Parties hereto acknowledge that this Agreement is a subcontract pertaining to a portion of CMS' obligations under the Prime Contract, and that the Prime Contract imposes certain terms and conditions on CMS as the prime contractor, and that CMS may not undertake any obligation or enter into any transaction which would cause it to be not in compliance with its duties and obligations under the Prime Contract.

3. Representations and Warranties of AllCare.

- a. Corporate Good Standing: AllCare represents and warrants that it is a limited liability company organized and existing under the laws of the State of New Jersey and that it is in good standing.
- b. Licensure: AllCare represents and warrants that it possesses any and all state and/or federal licenses necessary for it to perform its obligations pursuant to this Agreement, and AllCare represents and warrants that the dentists which it will retain to assist in the fulfillment of its obligations under this Agreement will also be duly licensed, and all services will be provided in compliance with all applicable laws.
- c. MBE/WBE Status: AllCare is a New Jersey certified minority and women-owned business enterprise ("MBE/WBE") and shall maintain MBE/WBE status throughout the term of this Agreement.
- d. No Breach of Covenants or Other Restrictions: AllCare represents and warrants that the duties and obligations that it undertakes pursuant to this Agreement will not cause it to be in violation of any restrictive covenants or any rules, regulations or other limitations imposed upon AllCare by any public law or private agreement.

4. Duties and Obligations of AllCare

- a. Provision of Dental Services: AllCare shall provide Dental Services at the Correctional Facilities. To meet this obligation, AllCare may retain the services of duly licensed and authorized dentists to provide Dental Services at the Correctional Facilities. AllCare will staff each Correctional Facility in accordance with the full-time equivalency ("FTE") requirement as indicated for each individual Correctional Facility in Exhibit A. CMS shall possess the right to approve and/or advise on AllCare's scheduling of the dentists, pursuant to the requirements of the Prime Contract.
- b. Dental Services at Additional Correctional Facilities: In the event that any additional correctional facilities are added to CMS' obligation under the Prime Contract during the term of this Agreement, AllCare will provide

Dental Services at such additional correctional facility or facilities and the Parties agree to negotiate the payment of additional compensation to AllCare for such additional services. CMS shall possess the right to approve and/or advise on AllCare's scheduling of the dentists at such additional facilities, pursuant to the requirements of the Prime Contract.

- c. Dental Director Services: CMS shall retain and employ a New Jersey statewide Dental Director who shall perform Dental Director Services for CMS. Said Dental Director Services shall include, but may not be limited to the following: the supervision of dental assistants, dental technicians, and other support and ancillary personnel placed by CMS at the Correctional Facilities to assist in the provision of Dental Services; and, the performance of such services as are necessary to ensure that CMS maintains compliance with the obligation to provide Dental Services pursuant to the Prime Contract, including the provision of monthly reports to CMS describing and detailing the status of CMS dental operations at each Correctional Facility.
- d. Compliance With Prime Contract: AllCare acknowledges and agrees that it is bound by any provision of the Prime Contract that reasonably applies to AllCare's performance of its services hereunder. AllCare further agrees to consent to the modification of this Agreement as may be necessary or appropriate to cause CMS to be in compliance with its obligations under the Prime Contract, as such obligations may be affected by the services and/or AllCare's performance contemplated hereunder.
- e. Changes in Status: AllCare will provide immediate notice to CMS in the event that there are any changes in AllCare's status as represented in Section 3 of this Agreement.
- f. Dental Records: AllCare shall prepare, or cause to be prepared, comprehensive dental records for each Patient for whom AllCare and its dentists provide Dental Services. Each such dental record shall contain sufficient information to identify the Patient, describe any dental complaints of the Patient and record any diagnosis or professional dental determinations, identify and justify appropriate dental treatment, and document the results of such treatment. Dental records prepared or caused to be prepared by AllCare during the term of this Agreement will be kept confidential, except as may otherwise be provided herein. AllCare will allow CMS complete access to such dental records, and AllCare agrees that the State of New Jersey shall retain all ownership rights of such dental records. This section shall survive termination of this Agreement.

5. Duties and Obligations of CMS

**COPY**

- a. Administrative Support Services: CMS will provide Administrative Support Services to AllCare under the terms described in this subparagraph. For purposes of this Agreement, Administrative Support Services means: office space, furnishings and supplies; office staff; assistance in the recruitment of dentists to provide Dental Services, as AllCare may request, including the gathering and forwarding to AllCare of professional credentials of prospective dentists as AllCare may request; and, other administrative support services as the parties may agree from time to time. Nothing in this Section may be construed to interfere with AllCare's sole and absolute discretion to approve or disapprove of any prospective dentist.
- b. Professional Liability Coverage: CMS will arrange for professional liability insurance coverage for the services to be provided by AllCare and its dentists pursuant to this Agreement, and CMS shall cause such coverage to be maintained throughout the term of this Agreement. The professional liability insurance coverage to be provided will be occurrence-based, with a per dentist limit of one million dollars (\$1,000,000.00) per occurrence and three million dollars (\$3,000,000.00) in the aggregate annually. This insurance coverage will not provide tail coverage for acts or omissions prior to the Effective Date of this Agreement or for insurance coverage previously carried for AllCare or any of its dentists for any services provided prior to the Effective Date of this Agreement. The insurance coverage to be arranged by CMS will provide professional liability coverage for AllCare and its dentists only for services provided in the Correctional Facilities pursuant to this Agreement and not for services provided to others outside of the context of this Agreement. The insurance to be provided does not include general liability or disability or worker's compensation coverage, which remains the responsibility of AllCare and/or its dentists. Punitive damage awards are not insured or covered by the professional liability coverage to be provided hereunder. AllCare will cause all dentists utilized to provide Dental Services to comply with all underwriting rules and/or risk management guidelines established by any insurance company providing the coverage described herein. AllCare agrees to immediately report any claim or threatened claim to CMS' Legal Department and to cooperate with authorized agents of the insurance company in the investigation and/or settlement of any incident arising from the provision of Dental Services.

In the event that any dentist engaged by AllCare desires to provide their own professional liability coverage, AllCare and its dentist shall provide to CMS suitable proof of such coverage prior to commencing services under this Agreement, and such coverage shall be comparable in limits and coverage to the insurance coverage provided by CMS' policy.

**COPY**

6. Compensation for Services Rendered.

a. [REDACTED]

b. [REDACTED]

c. [REDACTED]

d. Payment of Fees to AllCare: Upon presentation of a monthly invoice and verification of hours of service provided by the tenth (10th) day of the month following the month of service, CMS will pay to AllCare, by the end of the month following the month of service, one-twelfth of the sum of the Dental Services Fee plus the Professional Fees due for the hours of service provided, less the applicable Professional Liability Coverage Fee for hours of service provided. Amounts paid may be further adjusted in accordance with the provisions of this Agreement.

e. Adjusted Amounts: In and upon the event that CMS becomes obligated to provide Dental Services to any additional correctional facilities, the fees paid by the Parties pursuant to this Agreement will be increased based upon a negotiated amendment to the Agreement.

7. Term and Termination.

a. Term: The term of this Agreement will commence on April 1, 2005 and will continue in effect until December 31, 2007, and will then

automatically renew commensurate with the Prime Contract for consecutive terms of one (1) year each, unless terminated earlier as provided herein.

b. Termination:

- (1) Termination As Of Right: At any time during the term of this Agreement, either party hereto may notify the other party of its intent to terminate this Agreement without cause, by providing notice to the other party in writing. Such termination will be effective ninety (90) days after the receipt of such notice by the other party.
- (2) Termination For Cause: Either of the Parties may terminate this Agreement upon the occurrence of a material breach of this Agreement by the other party, which has not been cured within thirty (30) days after written notice from the non-breaching party, or such additional period as set forth in the written notice.
- (3) Immediate Termination: CMS may immediately terminate this Agreement upon the occurrence of any of the following events:
  - (a) The failure of AllCare or any dentist utilized by AllCare to meet any of the qualification requirements specified in this Agreement, including without limitation the representations and warranties of AllCare in Section 3, or any misrepresentation by AllCare of its qualifications; or
  - (b) AllCare's actual or anticipated inability to meet its obligations pursuant to this Agreement due to, without limitation, financial insolvency, bankruptcy, or the lack of capacity to provide Dental Services; or
  - (c) Any act or omission of AllCare or any agent or independent contractor or employee utilized by AllCare which CMS determines in good faith to be materially injurious to CMS' relationship or agreement with the New Jersey Department of Corrections, provided however that the act or omission of any employee, agent or independent contractor provider shall not be grounds for termination of this Agreement if AllCare ceases to utilize such individual to provide services hereunder; or
  - (d) Request by the New Jersey Department of Corrections to terminate the services of AllCare.

- (4) Termination/Modification of Prime Contract: The obligations of the Parties under this Agreement shall terminate upon the termination of the Prime Contract except as is otherwise specified herein. The parties agree to negotiate in good faith to amend this Agreement in response to any modification of the Prime Contract which affects the subject matter hereof.

8. Relationship of the Parties:

- a. Independent Relationship of CMS and AllCare: The relationship of the Parties is that of independent contractors. Nothing contained herein shall create an employer-employee, principal-agent, or partnership relationship between CMS and AllCare or between CMS and any employee, agent or independent contractor of AllCare. CMS shall not exercise clinical control or direction over the manner in which AllCare or any employee, agent or independent contractor of AllCare renders Dental Services, except as may otherwise be provided under the terms and conditions of this Agreement. Nothing contained herein shall interfere with the dentist-patient relationship between any dentist and any Patient, nor with any dentist's legal and/or ethical obligations to provide the proper standard of care to his or her patients. Furthermore, nothing in this Agreement shall interfere with AllCare's management and control of its own business operations and affairs.
- b. Non-Disclosure: AllCare agrees not to disclose any proprietary business information including, without limitation, the terms of this Agreement or any information pertaining to the proprietary business information of CMS, to any other party except as may be specifically provided otherwise in this Agreement. CMS and AllCare will treat all information furnished by the other party as confidential and proprietary business information. AllCare will also cause the conditions of this Section to be included in all contracts it enters into with independent contractor dentists to provide Dental Services pursuant to this Agreement. This Section shall survive termination of this Agreement.
- c. Liability: Each of the Parties hereto shall be liable for its own acts and omissions and the acts and omissions of its employees, agents and contractors.
- d. Indemnification: AllCare will indemnify and hold CMS harmless from and against claims against CMS, its employees and agents, which are based upon the acts and/or omissions of AllCare and/or any of AllCare's employees, agents, officers or contractors in relation to the services provided pursuant to this Agreement, to the extent that such claims are not

within the professional liability coverage described in Section 5 (b) of this Agreement.

- e. Non-Exclusivity: This Agreement is a non-exclusive arrangement. AllCare may participate in other affiliations and render such services as it determines to be in its best interests. Likewise, AllCare acknowledges that CMS must contract with other professional health care providers for the purpose of fulfilling its obligations pursuant to the Prime Contract.

9. Construction of Agreement:

- a. Assignment: AllCare's rights and duties under this Agreement, whether in whole or in part, may not be assigned, delegated, or transferred without the prior written consent of CMS.
- b. Amendments: This Agreement may be amended only by written agreement executed by both of the Parties. The Parties acknowledge that amendments to this Agreement may be required from time to time to comply with state, federal, or local law, or with to meet the requirements of or modifications to the Prime Contract.
- c. Section Headings: The headings of sections in this Agreement are for reference only and shall not affect the meaning of this Agreement.
- d. Entire Agreement: This Agreement, with the attached Exhibits, which are all incorporated herein by this reference, constitutes the entire contract between the parties. No other prior or contemporaneous promise, obligation, statement or understanding between the Parties, whether written or oral, shall be valid or binding. The Parties may execute this Agreement in any number of counterparts, and each such counterpart will, for all purposes, be deemed to be an original instrument, but all such counterparts together will constitute the same Agreement. At the request of any party, the parties will confirm facsimile transmitted signatures by signing an original agreement.
- e. Binding Effect: This Agreement shall be binding upon and inure to the benefit of each party hereto, and their successors and permitted assigns. No party may assign this Agreement, except as specifically provided otherwise herein.
- f. Choice of Law: This Agreement shall be construed in accordance with the statutory and common law of the State of Missouri.
- g. No Third Party Beneficiary Rights: No Patient nor any other non-party shall have any third party beneficiary rights hereunder.

By: Walter V. Vetter  
Its: Chief President, Operations  
Date: April 15, 2005

By: Dr. Janice Bell DMD  
Its: Dr. Janice Bell DMD  
Date: March 30, 2005

COPY

- h. Severability: Should any provision (or part thereof) of this Agreement be held to be invalid and/or unenforceable, the remaining provisions shall remain in full force.
- i. Notices: Any notice required hereunder (including notice of an amendment of this Agreement) shall be sent by registered or certified mail (return receipt requested), personal delivery, overnight commercial carrier, or other guaranteed delivery. The notice shall be effective as of the date of delivery if the notice is personally delivered, or the date of posting if the notice is forwarded by other means. Unless otherwise specified, notices shall be sent to:

"CMS"

Correctional Medical Services, Inc.  
12647 Olive Boulevard  
St. Louis, Missouri 63141  
Attn: Richard A. Carter

"AllCare"

AllCare Dental Group, LLC  
51 JFK Parkway  
1<sup>st</sup> Floor West  
Short Hills, New Jersey 07078  
Attn: Dr. Janice Bell

- j. Non-Discrimination: No party hereto shall discriminate on the basis of race, color, gender, religion, national origin, ethnic group, age, state of health, need for health services, place of residence, or handicap.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of Effective Date.

CORRECTIONAL MEDICAL  
SERVICES, INC.

ALLCARE DENTAL GROUP, LLC

By: Victor Byler  
Its: Chief President, operations  
Date: April 15, 2005

By: Dr. Janice Bell DMD  
Its: Dr. Janice Bell DMD  
Date: March 30, 2005

**COPY**



James E. McGreevey  
Governor



William D. Watley  
Chief Executive Officer/Secretary

## CERTIFIED

by the  
NEW JERSEY COMMERCE & ECONOMIC GROWTH COMMISSION  
OFFICE OF DEVELOPMENT FOR SMALL BUSINESS  
AND WOMEN AND MINORITY BUSINESSES  
under the  
UNIFIED CERTIFICATION ACT

This certificate acknowledges Correctional Dental Associates, A Professional Corporation number 223388634 is a Minority Business Enterprise (MBE) owned and controlled company which has met the criteria established by New Jersey Public Law 1986, Chapter 195 (The Unified Certification Act).

This certification will remain in effect for one year from the date of this notice. Not more than 20 days before or 10 days after the expiration of this initial certification notice you must submit an **Annual Verification Statement** attesting that the ownership and control of the business, on which this certification is granted, has not changed. This office must be notified within 20 days of any material changes in the businesses that affect ownership and control. **Failure to do so will result in an immediate revocation of this certification and/or imposition of other sanctions.** You will not be required to submit another Unified Certification Application for a period of 5 years. Please reference the above certification number on all correspondence directed to this office.



*M. A. Greene*

Margaret A. Greene  
Administrator

Issued: June 18, 2001

Expiration: June 19, 2006

08/26/04

Taxpayer Identification# 223-388-634/000

Dear Business Representative:

Congratulations! You are now registered with the New Jersey Division of Revenue.

Use the Taxpayer Identification Number listed above on all correspondence with the Divisions of Revenue and Taxation, as well as with the Department of Labor (if the business is subject to unemployment withholdings). Your tax returns and payments will be filed under this number, and you will be able to access information about your account by referencing it.

Additionally, please note that State law requires all contractors and subcontractors with Public agencies to provide proof of their registration with the Division of Revenue. The law also amended Section 92 of the Casino Control Act, which deals with the casino service industry.

We have attached a Proof of Registration Certificate for your use. To comply with the law, if you are currently under contract or entering into a contract with a State agency, you must provide a copy of the certificate to the contracting agency.

If you have any questions or require more information, feel free to call our Registration Hotline at (609) 292-1730.

I wish you continued success in your business endeavors.

Sincerely,

*John S. Tully*  
John S. Tully, CPA  
Acting Director

STATE OF NEW JERSEY  
BUSINESS REGISTRATION CERTIFICATE

DEPARTMENT OF TREASURY/  
DIVISION OF REVENUE  
PO BOX 252  
TRENTON, NJ 08646-0252

TAXPAYER NAME:

CORRECTIONAL DENTAL ASSOCIATES, A PROFES

TAXPAYER IDENTIFICATION#:

223-388-634/000

ADDRESS:

192 W STATE STREET  
TRENTON NJ 08608

EFFECTIVE DATE:

07/14/95

TRADE NAME:

SEQUENCE NUMBER:

0084008

ISSUANCE DATE:

08/26/04

FORM-BRC(08-01)

This Certificate is NOT assignable or transferable.

Certification 23525

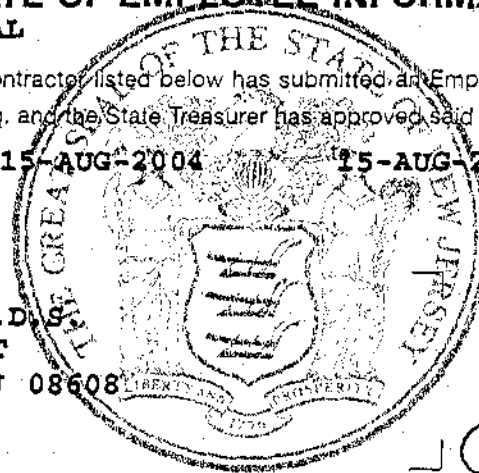
**CERTIFICATE OF EMPLOYEE INFORMATION REPORT  
RENEWAL**

This is to certify that the contractor listed below has submitted an Employee Information Report pursuant to N.J.A.C. 17:27-1.1 et seq. and the State Treasurer has approved said report. This approval will remain in effect for the period of

**15-AUG-2004 15-AUG-2011**

LESLIE A. HAYLING, D.D.S.  
192 WEST STATE STREET  
TRENTON

NJ 08608



*John P. Lawrence*

State Treasurer