October, 2011

Response to “A Few Facts You May Not Know about WDS’s Governance.”

WDS recently sent all of its members a flyer signed by David Branch, chair of the board. Innocently entitled, “A Few Facts You May Not Know about WDS’s Governance,” it is part of an ongoing campaign to deceive and marginalize member dentists to the detriment of their patients and their practices.

No doubt written in response to the recent petition for bylaw changes, the WDS propaganda ignores the substance of the petition and offers a number of irrelevant or deceptive statements. Paragraph by paragraph, here is our response.

“The Illusion of Taking Back Control of WDS” IRRELEVANT. We don’t aim to “take back control,” and have never said so. We just want providers to have a seat at the table when WDS makes determinations about the delivery of care.

“Antitrust Risks – Not Just a Theoretical Possibility or Scare Tactic.” IRRELEVANT. The proposed bylaw changes do not alter the balance of the board, nor do they alter the balance of the Provider Compensation Committee or how it functions.

“Our PCC Structure – Designed by a Member Dentist Dominated Board, Overwhelmingly Approved by Member Dentists.” IRRELEVANT. Did WDS read the proposed bylaws? They do not touch the PCC structure.

“Independent Directors Are Still the Guardians of Our Governance Structures.” FALSE. The Independent Directors are guardians of some of the governance structures. A number of the proposed changes, including the requirements for actual meetings and greater information transparency are not subject to the approval of the Independent Directors. Look at Article X, Section 1 of the current bylaws. The “advisory only” statement is a misleading and deliberate attempt to discourage you from voting.

“Our Tax Exemption Benefits the Public Benefit Mission as well as Member Dentists.” IRRELEVANT. Nothing in the proposed changes challenges or jeopardizes the tax exemption – just the opposite. We also want to make sure it is preserved and the information requirements in the proposed bylaws will help ensure that WDS’s management compensation practices do not jeopardize the tax exemption.
“Why Compliance with DDPA Standards is Important.” IRRELEVANT. Nothing in the proposed bylaw changes has any impact on the relationship with DDPA.

“Use of Member Dentists Ballots to Approve Bylaws Amendments.” FALSE. The lack of actual meetings and member deliberation deprives all member dentists, all over the state, from meaningful say in corporate decisions. There is never discussion or debate. There are no contested member elections. There are no nominations for member directors from the members. Every corporate decision is carefully orchestrated and controlled by management without discussion or debate between and amongst management and members. Because we care, however, about the voice of members who cannot attend meetings due to geographic proximity or schedule conflicts, the use of proxies would allow a member dentist to cast an “absentee ballot” by directing his or her proxy to vote only a certain way.

“Is There Anything “New” in the Current Governance Controversy?” FALSE. Note that WDS again focuses on DDPA, balance of the board, and the PCC – three issues that have nothing to do with the current bylaw proposals. These changes are about real meetings, contested member dentist elections, and transparency in executive compensation.

“Our Board’s Track Record on Governance Improvements.” FALSE. We tried to consult WDS. One of our board members made several calls to several WDS board members that went unreturned. A member dentist we worked with asked some of the same questions we’re asking here, in particular the lack of membership meetings and the legality of the Independent Directors having veto power over the entire board. WDS responded that its governance was legal and appropriate and made no offer to change. The member proposed that WDS call a special meeting but have a dialog between member dentists ahead of time in an effort to come to agreed recommendations for the special meeting. This request was also rejected. When he sought to invoke his membership right to inspect WDS corporate records, WDS imposed a gag order as a condition of producing the records, then rejected further records requests. All the talk from WDS about communication, transparency, and good governance is just that: talk.

We’re honored that our efforts have caused WDS to go to these new efforts to communicate with member dentists. But why are they so concerned about a meeting of members? And why are they concerned about how member directors are elected? And why are they concerned about having to defend Jim Dwyer’s salary?

For detailed information regarding the special meeting and the proposed WDS bylaw changes, please visit:

www.concerneddentistsofwashingtonstate.org
www.facebook.com/ConcernedDentists

Sincerely,

CDWS Board