Report on School of Dentistry Student Clinic #14-117

We have completed our audit of the School of Dentistry's Student Clinic. This audit was performed at the request of the UTHealth Audit Committee and was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

BACKGROUND
There are approximately one hundred pre-doctoral dental students admitted to the School of Dentistry (SoD) each year, with the Doctor of Dental Surgery (DDS) program lasting four years. Pre-doctoral students obtain clinical experience by working in one of the program's five practices. For each practice, there is one Group Practice Director and one Patient Care Coordinator (PCC).

The pre-doctoral students are categorized by their year in school. First-year students are not in the clinics; however, they participate in basic and preclinical sciences, along with initial clinical experiences. Second-year students are assigned patients beginning in the fall, seeing no more than 5 patients. Third-year students are assigned approximately 20-25 patients. Fourth-year students are assigned approximately 25-40 patients in the fall semester and no more than 25 patients in the spring, due to their anticipated graduation.

SoD's Student Clinics are administered by the Office of Patient Care (Patient Care) and they are responsible for the patient's initial appointments, treatment scheduling, and receipt of payments. All services provided by the clinics are performed by students under the supervision of our attending clinical faculty.

Axium is the SoD's comprehensive electronic health record system and is used by students, faculty, and Patient Care staff. It was designed for use in dental schools and its functions include patient registration, appointment scheduling, billing, student grading, reporting, and treatment planning.

OBJECTIVES
The objective of this audit was to determine if controls over the clinic's scheduling, receipt of payments, deposits, billing, and dental income are adequate.

SCOPE AND METHODOLOGY
Auditing and Advisory Services (A&AS) reviewed the controls over cash; the adequacy and effectiveness of the billing, collection and accounts receivable process; the official fee schedule; and the Student Clinic income for the time period of January 1, 2014 through June 30, 2014.
A&AS reviewed applicable policies and procedures pertaining to the clinics, and performed a walk-through of the Patient Care office. We interviewed Patient Care staff and management, and observed them performing their daily activities. We executed cash counts of the cashier drawers, petty cash, and change funds. We also performed inquiry and analysis of patient billing, reporting, and treatment planning, and re-performed end-of-day and end-of-month reconciliations.

AUDIT RESULTS

Cash Controls
Controls over cash, checks, and credit cards are in place and functioning as intended. A&AS conducted a walk-through of the Patient Care area, completed an internal control checklist, and interviewed the head cashier and director of Patient Care to gain a better understanding of cash controls.

Controls were tested by performing a count of the cashier drawers, petty cash, and change funds. All areas were found to be in balance. We observed the head cashier perform the end-of-day close and the next-day bank deposit pick-up by the Bursar's Office. We also re-performed end-of-day reconciliations for three independent dates during the spring term, comparing the day's receipts to system generated reports from axiUm and PeopleSoft FMS (FMS). No exceptions were noted.

Patient Intake
The purpose of the patient intake process is to evaluate the patient's condition and determine the complexity of the work needed. Once this evaluation has been completed, the patient is assigned to a pre-doctoral or post-doctoral student.

No dental work is performed until a treatment plan is developed and discussed with the patient. This discussion details the services needed as well as the timeframe and costs to the patient. Although the Student Clinic accepts insurance for services provided by post-doctoral students, most patients are self-pay. As a result, patients are required to make a down-payment prior to their initial treatment. The student assigned to the patient is responsible for ensuring the patient stays current on their account.

Charge Capture
Students are responsible for entering charges for the dental services provided to the patient during the clinical visit. Charges are entered directly into the axiUm System "chair-side" upon completion of the visit. Once the charge has been entered, the supervising faculty reviews and approves the procedure. The faculty's approval is necessary for the charge to be "dropped" into the patient's account and subsequently matched to the related dental procedure during an overnight script process run within axiUm. A byproduct of the overnight processing run is the Missing Charge Report. This report is used to identify patient visits without a corresponding charge or charges not allocated to a patient account.

Collections
Controls surrounding the collections process were tested by selecting a sample of simple (e.g., comprehensive exam, panoramic radiograph, or prophylaxis) and complex procedures (e.g., complete denture maxillary, single crown porcelain fused to high noble metal) performed on ten patients. We
verified the treatment code, amount charged, and that the payment was accurately recorded in the patient's account. Testing revealed payments were made in a timely manner. Three were prepaid, five were received on the date of service, and the remaining two were made within one week. No exceptions were noted.

Credit Balances
A credit balance occurs when a patient has made payments in excess of the charges for procedures performed. Under certain situations, the credit balance is refunded to the patient. The first is when the patient either completes or discontinues their treatment plan and makes a request to have any outstanding credit balance refunded. This request triggers a review of the patient's account to determine whether any outstanding charges have been posted and are unpaid. If there are no unpaid charges, the credit balance is refunded to the patient. When a patient requests a credit balance refund, the Student Clinic's goal is to provide a 10-day turnaround.

The second event is when the fourth-year student graduates. As part of the curriculum, students are assigned patients and are responsible for managing those patient accounts. In order to graduate, all patient balances must have a zero balance. At that time, credit balances should be refunded, provided the patient can still be located.

We requested and received credit balance information as of June 18, 2014. Approximately 2800 patients had credit balances with an accumulated ending balance of $326,500. A small number of these credit balance were from 2008 - 2010. During the six month period January 1 to June 30, 2014, 295 patients were issued refunds totaling nearly $59,000. Of these, 14 refunds were related credit balances from 2010 - 2012.

Write-Offs
Small balance accounts are those patient accounts with an ending debit or credit balance of less than $50. In these circumstances, Patient Services has the discretion to write off small debit balances for patients whose treatments have been completed, or conversely, owe a small balance and have not returned for a follow-up.

A&AS was provided two reports, which listed small debit and small credit balance write-offs. The first report listed 417 transactions processed during the period of July to December 2013 having small debit balances totaling $3,230 and small credit balances totaling $1,113.

For the period of January to June 2014, which includes the period during our fieldwork, there were 734 transactions having small debit balance write-offs totaling $4,860 and small credit balance write-offs totaling $1,935.

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Texas Property Code, Title 6 Unclaimed Property, Chapters 72-75 require holders (UTHealth) to report and remit abandoned property to the Texas Comptroller of Public Accounts. Specifically, Chapter 72 - Section 72.101 states that property is presumed abandoned if, for more than three years, the existence and location of the owner (patient) of the property is unknown and a claim has not been asserted or act of ownership exercised. Section 72.103 states a holder of abandoned property shall preserve the property and may not reduce the value of the property (write-off).

Section 74.101 states that holders of the presumed abandoned property shall file a report of that property with the comptroller. The report must include, if known by the holder: the name, social security number, driver’s license or state identification number, e-mail address, last known address, property description, date property became payable, demandable, or returnable, and date of last transaction with the owner. It also states that amounts due that individually are less than $50 may be reported in the aggregate without furnishing any of the identifying information.
According to the Texas Property Code, a holder of abandoned property shall preserve the property and may not reduce the value of the property (write-off). It also states that amounts due that individually are less than $50 may be reported in the aggregate.

**Recommendation 1:**
We recommend the School of Dentistry work along with the Department of Finance and Business Services to establish and implement a process for handling the patient credit balances and write-offs to ensure timely processing of patient accounts and compliance with Texas Property Code, Title 6 Unclaimed Property.

**Management's Response:** We agree with the recommendation. We will work with Finance and Business Services to develop a process to ensure we handle patient credit balances both timely and in accordance with state guidelines.

**Responsible Party:** S. Kim Chambers, Director of Patient Services

**Implementation Date:** January 2015

**Fee Schedule**
As part of our testing, we reviewed the official fee schedule to determine whether it was followed by students/residents and the fees charged for dental procedures performed agreed to the schedule. AxiUm, which is the SoD’s comprehensive electronic health record system, also includes the official fee schedule containing the CDT (Current Dental Terminology) code for all dental procedures performed at the SoD. Each treatment has a unique CDT code and associated fee. For a majority of the codes, there is a different fee determined by the level of provider performing the treatment, (i.e., faculty, pre-doctoral student, post-doctoral). Periodically, the fee associated to a CDT code changes. When changes are necessary, a request is completed by one of the departments in the SoD and forwarded to the Technology Services and Informatics (TSI) support group, who then updates the fee amount in axiUm.

To verify fees were updated correctly in axiUm, we judgmentally selected six patients who received six different treatments in order to determine whether the fee recorded in axiUm agrees to the amount charged to the patient. Based on our testing, we determined the fee schedule is updated timely and fees charged to the patients agreed to the fee changes made in axiUm.

**Clinic Revenue Reporting**
We obtained the A/R Reconciliation Reports, which are downloaded monthly from the axiUm system. The reports contain data pertaining to the number of patient treatments provided for the respective month as well as patient and insurance payments received, as well as applicable adjustments.

We reviewed the general ledger in order to determine whether revenue recorded in FMS for the SoD’s Student Clinic A/R agrees and the amounts were adequately supported. We reviewed the supporting journal entry packages compiled by the SoD’s Senior Financial Analyst for each month and traced to the axiUm A/R Reconciliation Reports. We also review reconciliations performed by Financial Accounting.
Additionally, our trend analysis of treatments and payments for the past two fiscal years revealed the revenue collected in FY2014 ($5,509,983.67) was consistent with the revenue collected in FY2013 ($5,286,330). Using FY2014 and 2013 information, we performed a comparison and analysis of treatments recorded to payments collected in order to determine whether there were any identifiable trends. Our analysis determined that a 5% variance existed between treatments recorded and collections made for both fiscal years, which we consider to be reasonable.

CONCLUSION
Controls over the clinic’s scheduling, receipt of payments, deposits, billing, and dental income are adequate. A recommendation was made to work with the Department of Finance and Business Services to determine and establish a process for handling the patient’s credit balances.

We would like to thank the Office of Patient Care and staff throughout the institution that assisted us during our review.

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Issue Date: November 12, 2014