



STATE OF COLORADO

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MEMORANDUM

Date: April 30, 2004

To: Members of the Legislative Audit Committee

From: Joanne Hill, CPA
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Re: Evaluation of the Dental Loan Repayment Program

Background

The Dental Loan Repayment Program (Program) enacted under Senate Bill 01-164 offers student loan repayment assistance to encourage and enable dental professionals to provide care through Medicaid and the Children's Basic Health Plan (CHP+) as well as to other underserved populations. In addition to the Medicaid and CHP+ programs, Section 25-23-102(5), C.R.S., defines underserved populations to include medically indigent individuals and individuals who receive dental services without charge or pay based on an income-related sliding fee scale. The Program provides funds for dentists and dental hygienists to repay their student loans in exchange for their commitment to treat underserved patients for a minimum of two years. Section 24-75-1104(1)(b)(II)(b.5), C.R.S., authorizes the Program to receive annual appropriations of \$200,000 each fiscal year. The Program's source of funding is from monies received by the State under the Master Settlement Agreement (Agreement). The Agreement between the tobacco industry and 46 states, 5 commonwealths and territories, and the District of Columbia was established to resolve all past, present, and future tobacco-related health claims at the state level. Currently Colorado is scheduled to receive annual tobacco settlement monies for an estimated period of 25 years.

The Program was created in response to concerns noted by the Colorado Commission on Children's Dental Health (Commission) in a December 2000 report. The Commission recommended to the Governor and the General Assembly that dental benefits be added to CHP+. The Commission recognized that due to low Medicaid reimbursement rates and the amount of debt accumulated by recent dental graduates, Colorado had a significant number of counties without any dentists or without dentists willing to participate in the Medicaid program. Further, the Commission noted that only 23 percent of Medicaid eligible children receive dental services compared with 55 percent of children with private insurance. As a result, the Commission suggested the establishment of "loan

repayment and credit-for-service programs and other incentives to recent dental, pediatric dental specialists, and dental hygiene graduates to serve Medicaid, Child Health Plan Plus and other underserved populations.”

The Oral, Rural and Primary Care Section of the Prevention Services Division at the Department of Public Health and Environment (Department) oversees the Program. The State Board of Health (Board), which has rule-making authority for the Program, promulgated initial rules in November 2001. As detailed in the rules, the actual amount of student loan repayment funding available to a qualifying dentist or dental hygienist is dependent upon his or her proposed level of service and outstanding educational debt. Dentists may participate at one of three levels, committing to see at least 10, 25, or 40 underserved patients per month on average. Dental hygienists can participate at two levels, serving a minimum of either 10 or 20 underserved patients per month on average. For each provider level, there is a corresponding maximum annual loan repayment amount. However, qualifying dentists and hygienists cannot receive awards that exceed their outstanding educational debt. The following chart details the existing service-level categories with their corresponding monthly patient requirements and maximum annual loan repayment amounts.

Department of Public Health and Environment Dental Loan Repayment Program Repayment Award Amounts and Qualifications			
Provider Type	Service-Level Category	Minimum No. of Required Underserved Patients Served per Month	Maximum Annual Award¹
Dentist	I	40	\$25,000
Dentist	II	25	\$20,000
Dentist	III	10	\$10,000
Hygienist	I	20	\$6,000
Hygienist	II	10	\$3,000

Source: Rules for Loan Repayment Program for Dental Professionals, promulgated by the State Board of Health.
¹ Maximum annual award cannot exceed an individual provider's outstanding educational debt.

In addition to requiring dentists and hygienists to provide services to a specific number of underserved patients each month, the rules call for loan recipients to own or be employed in one of the following types of practices:

- Federally qualified health centers;
- Practices that remain open to new clients enrolled in Medicaid or CHP+;
- Practices that provide a significant level of service to underserved populations; and
- Volunteer settings that provide services on a pro bono basis.

Financial Summary

The Program received its initial funding of \$200,000 during Fiscal Year 2002. Statutes require that award recipients agree to provide dental services to underserved individuals for two years. Recipients can receive the maximum amount of funding for their identified service level during both years or an amount equal to their outstanding loan balance if less than the established maximum award levels. It is also possible for recipients to receive an award only during the first year of their required two-year commitment. Using the Fiscal Year 2002 funding, the Program awarded \$154,800 to a total of eight qualifying recipients including six dentists and two hygienists. Since by statute the Program could not contract with award recipients until April 2002, Fiscal Year 2002 recipients actually provided the required dental services during Fiscal Year 2003. Currently the Department relies on self-reported information to monitor the number of patients served. The eight award recipients self-reported treating almost 14,000 underserved individuals from July 2002 through June 2003. Six of the eight recipients worked at federally qualified health centers, which have a mission to provide medical services including dental care to the medically underserved. These six recipients reported treating an average of over 140 patients per month. The other two recipients worked at dental practices that accept Medicaid and CHP+ patients. During its second year of funding, Fiscal Year 2003, the Program added three additional dentists and one more hygienist. The 12 recipients received awards totaling in excess of \$164,000. According to Program representatives and our file review, all qualified individuals who have applied for funding have received loan repayment awards. The following chart summarizes the awards the Program issued during Fiscal Years 2002 and 2003.

Department of Public Health and Environment Summary of Dental Loan Repayment Awards by Provider							
Provider Type	Required Monthly Minimum ¹	Fiscal Year 2002			Fiscal Year 2003		
		Contracted Providers	Total Awards	Locations Served	Contracted Providers	Total Awards	Locations Served
Level I Dentist	40 clients	5	\$124,264	Alamosa, Denver, Loveland	5	\$110,710	Denver, Loveland
Level II Dentist	25 clients	1	\$18,538	Denver	4	\$40,000	Denver, Salida
Level I Hygienist	20 clients	2	\$12,000	Loveland, Sterling	3	\$13,687	Loveland, Sterling, Pueblo
Total		8	\$154,802		12	\$164,397	

Source: Office of the State Auditor analysis of Dental Loan Repayment Program Provider Contracts.
¹All recipients must agree to meet their minimum monthly service-level commitment for two full years (24 months), even if they do not receive loan repayment assistance for the second year.

Statutes provide that the Program receive \$200,000 per year, subject to available appropriation. The Program received the full \$200,000 during its first year of operation in Fiscal Year 2002, but the General Assembly appropriated lesser amounts in Fiscal Years 2003 and 2004. The statutes permit the Program to spend up to \$36,000 in administrative expenditures during Fiscal Year 2002; however, in subsequent years administrative costs are not to exceed 10 percent of monies received. Any unexpended and unencumbered moneys in the State Dental Loan Repayment Fund remain in the fund and cannot be spent without the General Assembly providing spending authority.

The following table provides a summary of Program revenue and expenditures. For Fiscal Years 2002 and 2003, all providers who applied and met the criteria of the Program received either the maximum loan repayment amount allowed or a lesser amount that covered their outstanding loan balance. In addition in Fiscal Year 2002, the Program's administrative costs were just over \$22,000, which is below the statutory limit of \$36,000. For Fiscal Year 2003, administrative costs equaled about 5 percent of overall expenditures or one-half of the statutory limit of 10 percent.

Department of Public Health and Environment Dental Loan Repayment Program Revenue and Expenditures Fiscal Years 2002 Through 2004¹			
Fiscal Year	2002	2003	2004¹
Revenue	\$200,000	\$177,130	\$199,288 ²
Expenditures			
Repayment Awards	\$154,802	\$164,535	\$5,450
Administrative	\$22,328	\$8,432	\$5,477
Total	\$177,130	\$172,967	\$10,927
Fund Balance	\$22,870	\$27,033	\$215,394³
Source: Office of the State Auditor analysis of data from the Colorado Financial Reporting System.			
¹ As of February 29, 2004, or the first 8 months of Fiscal Year 2004.			
² \$16,722 of this amount is reversions of accounts payable from the prior year. This amount will remain in the Fund.			
³ As of February 29, 2004, \$167,039 of the Fund Balance was reserved for qualifying provider repayment awards approved by the Department but not yet paid out.			

Purpose and Scope of Review

We conducted this audit of the Dental Loan Repayment Program (Program) under the authority of Section 2-3-113 (2), C.R.S., which requires the State Auditor, beginning in January 2002, to conduct or cause to be conducted program reviews and evaluations of the performance of each tobacco settlement program to determine whether the program is effectively and efficiently meeting its stated goals. Our audit reviewed awards made under the Program in Fiscal Years 2002 and 2003 including the Program's process for making loan repayment awards to recipients and monitoring recipients' compliance with service requirements. Program rules require recipients to meet their service requirements for a minimum of two years. Our review focused on the specific requirements of the Dental Loan Repayment Program as detailed in Article 23 of Title 25 of the Colorado Revised Statutes (C.R.S.). We examined the Department of Public Health and Environment's policies, procedures, and rules related to the grant application, review, and award process, and internal controls over loan repayment disbursements.

Comments and Recommendations

Section 25-23-103(1), C.R.S., requires the Department of Public Health and Environment (Department) to "develop and maintain a state dental loan repayment program in which the state agrees to pay all or part of the principal, interest and related expenses of the educational loans of each eligible dental professional." The statute gives the State Board of Health (Board) the authority to adopt guidelines to determine the amount of financial assistance that can be provided to an

applicant and the criteria applicants must meet to receive the assistance. The Board also has authority to set rules for the required levels of service that applicants must provide to underserved populations and the criteria for prioritizing awards to applicants if there are insufficient moneys in the state dental loan repayment fund for all eligible applicants. Overall, we found that the Board and the Department have implemented these requirements. As discussed below, we identified several areas for improvement.

Overview of Program Procedures

To be considered for a dental loan repayment award, applicants must complete an application that requires them to detail their proposed minimum level of service for underserved patients and the employment status which will allow them to comply with service-level requirements. Applicants must also provide documentation from their lending institution showing their outstanding loan balance and verification from their employer of their employment status. Finally, applicants must submit a copy of their dental or dental hygienist license. Program staff review all applications to ensure that applicants comply with all Program requirements. As noted earlier, during Fiscal Years 2002 and 2003 all qualified applicants who applied received awards.

Once applicants receive an award, statutes require that they sign a contract with the Department, agreeing to furnish the agreed-upon level of service for a minimum of two years. To ensure that recipients use awards to repay student loans, the Department enacted certain protections. First, the Department issues dental loan repayment award checks jointly to both the award recipient and his or her loan holder, rather than only to the recipient. Second, recipients must submit verification from their loan holder that the loan was reduced by an amount equal to the award. To ensure appropriate levels of service are provided, the Department requires recipients to submit quarterly reports detailing the number of underserved clients they treated each month.

In September 2003 the Board revised the rules for the Program to improve its operation. For example, applications will now be accepted and evaluated several times during the year to encourage more providers to apply if funds are available. Additionally, rather than paying recipients the total award at the beginning of the contract period, awards will be issued in installments. The Department plans to sign contracts with recipients twice a year. Most recipients will sign contracts to provide services on a July through June schedule. For these recipients, awards will be issued in four installments that coincide with the receipt of the quarterly service reports submitted by each recipient. If these recipients also receive a loan repayment award for the second year of their two-year commitment, the money would again be paid on a quarterly basis. Other recipients will sign contracts for the January through December period. These recipients will receive their entire award in two payments over the first six months of the contract to avoid using funds from two different fiscal years. The payments will coincide with the receipt of their first two quarterly service reports. Paying recipients on an installment basis is intended to provide better assurance that the recipient meets quarterly service requirements.

Ensuring Services Are Provided

The Department requires award recipients to, on a quarterly basis, submit reports detailing the number of underserved individuals they treated each month. These quarterly reports are intended to show whether the dentist or dental hygienist is meeting his or her service-level commitment. We reviewed the Department's reimbursement policy as well as the Fiscal Year 2003 quarterly reports submitted by recipients who received Fiscal Year 2002 funding. We found four ways in which the Department needs to strengthen its procedures to ensure that recipients meet their service-level commitments.

First, the Department needs to ensure that recipients who receive loan repayment assistance only during the first year of their two-year commitment continue to meet their service level requirements throughout the contract period. Section 25-23-103(3), C.R.S., states that loan repayments shall be available to eligible dental professionals on an annual basis; however, as a condition of qualifying for the assistance, the dental professional shall agree to enter into a contract to provide care to underserved populations for a minimum of two years. Therefore, even if a recipient only receives repayment assistance for one year, he or she must agree to treat underserved individuals for at least two years. We identified one Dentist Provider Level I who received about \$24,000 of loan repayment assistance in the initial year of the contract in return for a commitment to treat at least 40 underserved individuals each month for two years. During the first four months of the initial year, the dentist reported meeting his required service level. However, after the dentist moved from employment with a federally qualified health center to private practice, the recipient's quarterly reports indicated that he failed to treat the required number of underserved individuals for the following eight months of the year. For these final eight months, the dentist treated an average of 19 underserved individuals each month instead of his required 40 per month. Since the dentist paid off his educational loans using the \$24,000 received at the beginning of his first year, he did not request or receive any loan repayment assistance for the second year of the commitment period, or Fiscal Year 2004. When we informed the Department that, on the basis of our review of the dentist's reports, he had not met his service requirement, the Department lowered the recipient's service-level commitment to a Dentist Provider Level III for his second year; this category requires only a 10-patient-per-month service level. We do not believe that amending the service level requirement as opposed to enforcing contract requirements is an acceptable practice.

While Department representatives informed us that they intend to provide all recipients with loan assistance for both years of the two-year commitment, staff recognize that some recipients may pay off their outstanding educational debts during the first year. As of September 2003, the Department uses quarterly payments issued after the receipt of quarterly reports to ensure that recipients continue to treat the required number of underserved patients. This should help ensure compliance with the service commitment. On the other hand, for those recipients not receiving any money in the second year of their contract, the Department has lost that leverage. The Department has also made a policy decision to pay those recipients who sign a contract to provide services from January to December their entire loan repayment award during the first six months of the contract to avoid relying on future appropriations to fulfill the total contract award. As a result, the recipient will have no

monetary incentive to continue to comply with service-level commitments during the second six months of the contract. Statutes require that contracts include reasonable penalties for breach of contract under the Program. The Department should enforce contract provisions that require the recipient to pay a significant financial penalty including the repayment of a portion of the original award if the recipient fails to continue to comply with service-level requirements.

The second weakness we identified is that the Department lacks procedures for reviewing the quarterly reports submitted by recipients. As a result, in the instance discussed above the Department did not identify the dentist who failed to meet his service-level commitment, although this information had been detailed on the quarterly reports submitted to the Program. Failure to properly review quarterly reports and enforce service-level commitments makes these requirements ineffective and rewards recipients who are not honoring their contract commitments. It also negatively impacts already underserved patients who are depending on these dentists and hygienists to provide them with needed dental treatment. The Department should ensure that Program staff review the quarterly reports, document evidence of their review, and take appropriate action against those loan award recipients who fail to comply with service-level commitments.

Third, the Board rules do not clearly define how the Department will determine if recipients have met their contracted service-level commitments. The statute requires the Board to develop rules that define a significant level of service for purposes of qualifying for loan repayment assistance. The rules define significant level of service as the service-level categories of Dentist Provider Level 1 through III and Dental Hygienist Provider Level I and II. In September 2003 the Board revised the Program rules to change the manner in which the service-level commitment is calculated to reflect an average number of patients served each month. For example, dentists classified as Dentist Provider Level I are now required to treat at least 40 underserved individuals per month *on average*. We believe the intention of the Program is for recipients to meet their service-level commitment each month while taking into consideration that minor deviations from the monthly requirement might occur occasionally. As noted above, we identified a dentist who failed to comply with his service commitment level for 8 of 12 months during the initial year of the contract period. The dentist reported treating a total of 701 patients over 12 months, which averages to more than 58 patients each month over the initial year. Although this exceeded his service-level commitment of at least 40 underserved individuals per month, he treated the majority of the 701 patients during the first four months of the year while still employed by a federally qualified health center. As noted above, once the dentist moved to private practice, on average, he treated about 19 underserved individuals each month. We believe that the Board needs to clarify the appropriate time frame that should be used to calculate the average number of patients served. Specifically, calculating the average number of patients served on a quarterly basis would help ensure that loan award recipients comply with their contracted service-level commitments on a reasonably consistent basis over the period of obligation. Such an approach would also coincide with the recently established quarterly payment schedule.

Finally, we found that the Program staff do not attempt to verify recipients' self-reported information regarding the number of underserved individuals treated each month. The Department should develop a cost-effective, independent verification process that requires award recipients to submit

identification numbers of Medicaid, CHP+, or of other low-income patients served, and to provide copies of Provider Claim Reports which detail claims paid from the funding programs to the dentist or hygienist. This information could provide verification as well as greater detail about the actual treatment received by patients, without placing an undue administrative burden on the dentists and hygienists. This information would also allow Program staff to verify the self-reported information with Medicaid or CHP+ if there were any concern that the reported patient numbers were inaccurate.

Recommendation No. 1:

The Department of Public Health and Environment, working with the State Board of Health, should ensure required levels of services are provided by recipients under the Dental Loan Repayment Program by:

- a. Enforcing contract provisions requiring the repayment of a portion of the loan repayment award as well as penalty for failure to comply with service-level commitments for those recipients who have paid off their loan or receive their full award amount prior to completing their two-year service commitment.
- b. Requiring Program staff to review quarterly reports submitted by recipients, documenting their review by signing and dating the reports, and withholding payments for those recipients who fail to comply with their service-level commitment.
- c. Requiring that the calculation for determining an “average” level of service be performed on a quarterly basis.
- d. Developing a cost-effective method for verifying self-reported information on underserved patients treated each month and using this information to monitor recipients' compliance with service-level commitments.

Department of Public Health and Environment Response:

Agree. Implementation Date: July 1, 2004. The Dental Loan Repayment Program will enforce contract provisions by monitoring and reviewing quarterly reports from participants. A signature line for the program director to verify compliance with service levels was added to the quarterly reporting form in October 2003. Payments to participants are currently not made until this review is complete. The review process implemented calculates the average level of service based on the reported figures, which are submitted quarterly; therefore the average is calculated quarterly as recommended. Non-community health center Medicaid providers have been required to send copies of their Medicaid "Provider Claim Reports" since January 2004 to document the number of patients reported. Delta Dental Plan of Colorado, the dental administrator for the Child Health Plan Plus (CHP+) will be able to send individual patient documentation to CHP+ providers on or about July 1, 2004, which

providers can then send copies to the Program as verification. The Program will withhold payments until receipt of the information. The Program will also implement Section B(6) of the provider contract that specifies the amount of funds to be returned for failure to comply (breach of contract).

Monitoring Employment

The overall purpose of the Dental Loan Repayment Program is to encourage and enable dental professionals to provide dental care to underserved populations. As part of the application process, applicants must identify both a proposed service level commitment and a place of employment that will allow them to meet that commitment. Section 25-23-103(2), C.R.S., states that a dentist or hygienist is only eligible to receive loan repayment assistance if he or she (1) is employed by a federally qualified health center; (2) owns or is employed by a practice that remains open to new clients enrolled in Medicaid or CHP+; (3) owns or is employed by a practice that provides a significant level of service to underserved populations; or (4) provides, on a pro bono basis, a significant level of service to underserved populations. Applicants who work for another person, business, or organization such as in a clinic or volunteer setting are required to submit documentation from their employer or a supervisor who attests that their position is permanent or on a continuing basis. We found that a similar requirement does not exist for those applicants who are self-employed. Therefore, Program staff lack assurance that these applicants are employed in a setting that will allow them to meet their proposed service-level commitments.

During our review of the applications submitted for Fiscal Year 2002 and Fiscal Year 2003 awards, we found employer verification showing that the applicant was employed at an eligible entity for all 10 of those applicants who reported being employed by another person, business, or organization. However, for the two applicants who had their own private dental practice, there was no documentation indicative of how the applicant intended to meet his or her service-level commitment. Obtaining such information from the applicant is important; we noted that the only recipient we identified as not meeting his service-level commitment was a dentist in private practice. At a minimum, the Program should require applicants who work in private practice to submit documentation from the Medicaid, CHP+, or other programs for the underserved such as the Colorado Indigent Care Program showing that the applicant is an eligible provider. In addition, applicants in private practice should be required to submit a plan detailing how they intend to achieve their service-level commitment.

Recommendation No. 2:

The Department of Public Health and Environment should require Dental Loan Repayment Program applicants who have their own private dental practice to submit verification that they are a provider for Medicaid, the Children's Basic Health Plan, or other programs for the underserved and to furnish a plan documenting how they will meet required service-level commitments.

Department of Public Health and Environment Response:

Agree. Implementation Date: July 1, 2004. The Dental Loan Repayment Program implemented a change in the participation application to include the applicant's Medicaid provider number and/or a copy of the Medicaid Provider Application indicating intent to become a Medicaid provider in October 2003. Child Health Plan Plus providers may be verified on the Delta Dental Web site as they are Delta Preferred Option (DPO) providers. Current private practice Medicaid providers are also now required to submit copies of previous Provider Claim Reports to substantiate the level of service for which they are applying. It is felt that this documentation represents a sufficient "plan" for current Medicaid providers. For new providers, a section to the application will be added requesting their plan to inform community agencies and Medicaid families of their new provider status.

Verifying Provider Licensing Requirements

The Program requires applicants to include a copy of their current dental or dental hygienist license as part of the application packet. This provides assurance that applicants are licensed to practice in the State of Colorado at the time they apply for loan repayment assistance. In our review of the Program's applications, we confirmed that all applicants included copies of their license as part of their application packet. However, it is possible that a loan recipient could have his or her dental or dental hygienist license revoked due to misconduct or unsafe practices while participating in the Program. Currently the Department does not have any procedures in place to verify that a recipient's license remains active throughout his or her two-year commitment.

The State Board of Dental Examiners within the Department of Regulatory Agencies provides up-to-date information on its Web site about the license status of any dentist or dental hygienist licensed in Colorado. As part of our audit work, we verified that all current award recipients have active licenses. The Department should confirm the status of recipients' licenses when it reviews applications and periodically throughout the two-year commitment period.

Recommendation No. 3:

The Department of Public Health and Environment should confirm that each Dental Loan Repayment Program recipient maintains a current and active professional license throughout the two-year commitment period by occasionally verifying the license status on the State Board of Dental Examiners' Web site.

Department of Public Health and Environment Response:

Agree. Implementation Date: Implemented. The Dental Loan Repayment Program has implemented this recommendation. The Program will verify current dental license status of each participant upon contract initiation and renewal for a second year of service, which begins July 1, 2004, based on the copies of the Colorado Dental/Dental Hygiene licenses that are currently submitted with the loan repayment application. This verification will be documented in the program participant's contract file.

Selecting Recipients

Section 25-23-105, C.R.S., requires the State Board of Health (Board) to promulgate rules “establishing criteria for prioritizing the repayment of loans if there are insufficient moneys in the State Dental Loan Repayment Fund.” We found that the Board has established prioritization criteria. Since its inception, the Program's available funding for loan repayments has exceeded the amount requested through the application process. Therefore, the Program staff have not yet had to use the prioritization criteria when considering loan applications. When the Board revised the Program's rules in September 2003, the process for accepting applications changed from once per fiscal year to up to three times per fiscal year. This may increase the number of applicants and lead to a situation where loan repayment requests exceed available appropriations. Alternatively, a decrease in appropriations could also result in requests for funding that exceed available amounts. In either case, applications would need to be prioritized. We identified three ways in which the Program's prioritization process could be improved.

First, under the Program's rules, funding priority should be given to those applicants who agree to provide services *in excess of* Dentist Provider Level I and Dental Hygienist Provider Level I, as described below:

- First priority: Dentist Provider Level I and Dental Hygienist Provider Level I applicants that:
 - (A) Have satisfactorily *completed* a two-year service commitment to the underserved population *in excess of* at least 40 underserved patients per month for Dentist Provider Level I and at least 20 underserved patients per month for a Dental Hygienist Provider Level I; *or*
 - (B) Agree to provide services to the underserved population *in excess of* the Dentist Provider Level I and Dental Hygienist Provider Level I.
- Second priority: Dentist Provider Level I and Dental Hygienist Provider Level I. (**Note:** These providers agree only to *meet* the minimum requirement of patients per month, while first priority is given to those who agree to *exceed* the minimum.)

- Third priority: Dentist Provider Level II.
- Fourth priority: Dentist Provider Level III and Dental Hygienist Provider Level II.

Under these criteria, those applicants agreeing to treat the highest number of underserved patients, i.e., patients in excess of the highest level of service commitments, should receive loan repayment awards first. However, Program staff informed us that they believe first priority should be given to current recipients entering the second year of their commitment period regardless of their service-level commitment. As we have already noted, the statute requires that to receive loan repayment assistance, recipients must agree to a two-year service commitment. Under the current Program provisions, if recipients wish to receive loan repayment assistance during the second year of their service commitment, they must submit another application. Staff indicate that providing additional funds to those already participating in the Program would help ensure a continuing level of service to the target population. However, the overall goal of the Program is to encourage and enable dental professionals to provide dental care to underserved populations and therefore increase the overall number of individuals who have access to such care. We believe that priority should be given to those individuals who agree to serve the largest number of underserved individuals, not necessarily to those who are already participating in the Program. The Program already supports the concept of promoting higher levels of service by granting larger awards to those recipients who agree to treat more patients. In addition, the Program requires recipients to treat underserved patients for at least two years, even if they only receive repayment assistance during the first year. Therefore, current prioritization rules should be enforced.

The second area where prioritization could be improved is in consideration of geographic location. The Program's rules do not address geographic location when deciding which applicants will receive loan repayment awards. Given the fact that some areas of the State lack any dentists or dental hygienists who accept Medicaid or CHP+ patients, geographic location of the applicant's practice should be considered when making award decisions to better meet the needs of Colorado's underserved.

Finally, we found that staff are not collecting information through the application process that would allow the Program to identify applicants who meet the existing prioritization criteria. In particular, the rules require that all applicants submit a completed application that outlines their proposed service-level commitment. As noted above, the current prioritization criteria give first priority to those applicants who have either completed a two-year commitment and provided treatment to underserved patients *in excess of* the Provider Level I service commitment or applicants who agree to provide services to the target population *in excess of* the Provider Level I service commitment. However, the application does not ask applicants if they have successfully completed a two-year commitment in excess of the Provider Level I service commitment or if applicants will agree to treat more patients than required under the Provider Level I commitment.

Recommendation No. 4:

The Department of Public Health and Environment should work with the State Board of Health to improve prioritization of applicants for the Dental Loan Repayment Program by:

- a. Complying with the existing prioritization criteria that requires consideration of the amount of services the applicant is committed to providing.
- b. Expanding the criteria for prioritization to include consideration of the geographic location of the applicant and whether the area is underserved by dental professionals.

Department of Public Health and Environment Response:

Agree. Implementation Date: July 1, 2004. In September 2003, the State Board of Health considered and promulgated rules as these recommendations specify. Criteria was added to Section 1.3 Loan Repayment Prioritization to reflect stated recommendations of prioritizing participants who exceeded the level of service over those who simply met the level of service. In addition, a section was added to the rules to allow for geographical considerations when determining loan repayment. As Fiscal Year 2005 will most likely be the first year where there are more applicants than funding available, the Program will comply with these criteria. The Dental Loan Repayment Program will continue to work with the Attorney General's staff and the State Board of Health to clarify the wording in Rules regarding how geographical prioritization will be used in the instance of a competitive application process and how this aspect of prioritization intersects with the level of service prioritization criteria to assure maximization of numbers of providers, low-income residents served, and geographic distribution of the participants.

Recommendation No. 5:

The Department of Public Health and Environment should collect information through the Dental Loan Repayment Program application process that is compatible with the Program's prioritization criteria.

Department of Public Health and Environment Response:

Agree. Implementation Date: December 31, 2004. The Dental Loan Repayment Program added a section to the Dental Loan Repayment Application in December 2003 requesting from the dental provider the extent to which they plan to exceed the level of service for which they are applying. This information will be used in the event of insufficient funds for the number of applicants. By collecting the address of the applicant's practice site in addition to the preferred address (e.g., home address), sufficient information will be available to consider geographic locations as part of the prioritization process. The Program will clarify

the means of using geographic distribution in rules when the other changes to the rules are made. The Program will clarify the application so that applicants understand that the information will be used as part of the prioritization process.

Revising Loan Repayment Amounts

Section 23-25-105, C.R.S., authorizes the State Board of Health to establish by rule the amount of loan repayment assistance available to recipients. The Board has established rules that base loan repayment amounts on the dentist's or hygienist's contracted service-level commitment. Regardless of their service-level commitment, recipients cannot receive assistance in an amount greater than their outstanding educational loans and applicable interest and expenses. As noted earlier, maximum annual repayment assistance ranges from \$10,000 to \$25,000 for dentists and \$3,000 to \$6,000 for hygienists, depending on the recipient's level of service commitment.

Program staff reported that they based the loan repayment assistance of \$25,000 for Dentist Provider Level I on the loan repayment moneys given to full-time dentists participating in the National Health Service Corps. Dentists at Provider Level II or III receive lesser amounts of repayment assistance because they commit to treating fewer underserved individuals. Dental hygienists receive less loan repayment assistance than dentists because the costs of education incurred by hygienists are considerably less.

The overall goal of the Program is to encourage and enable dental professionals to provide dental care to underserved populations. The primary way that the Program seeks to maximize the services provided is by furnishing higher loan repayment assistance awards to those professionals willing to treat more underserved individuals. However, our analysis indicates that on a per patient basis, dentists providing greater levels of service receive less funding. This is illustrated in the following table.

Dental Loan Repayment Program Award Amounts and Rate per Client				
Provider Type and Level	Maximum Annual Repayment	Minimum Monthly Requirement	Maximum Monthly Repayment	Rate
Dentist I	\$25,000	40 clients	\$2,083.33	\$52.08/client
Dentist II	\$20,000	25 clients	\$1,666.67	\$66.67/client
Dentist III	\$10,000	10 clients	\$833.33	\$83.33/client
Hygienist I	\$6,000	20 clients	\$500.00	\$25.00/client
Hygienist II	\$3,000	10 clients	\$250.00	\$25.00/client

Source: Office of the State Auditor analysis of Dental Loan Repayment Program Rules.

As shown above, a Dentist Provider Level I receives about \$52 per client, while a Dentist Provider Level II receives \$67 per client, and a Dentist Provider Level III receives \$83 per client. In other words, on a per patient basis, a Dentist Provider Level II receives 28 percent more remuneration than a Dentist Provider Level I, and a Dentist Provider Level III receives 60 percent more per client than a Dentist Provider Level I. We did not find similar discrepancies for dental hygienists. This analysis indicates that on a per patient basis, the Program's structure in effect rewards those dentists who commit to treating a lesser number of underserved individuals. The Board should revise the current loan repayment award structure to ensure that awards provided to dentists are equitable on a per patient basis.

Recommendation No. 6:

The Department of Public Health and Environment working with the State Board of Health should reevaluate the loan repayment award structure under the Dental Loan Repayment Program to ensure that dentists providing more services receive, on a per patient basis, an equal or greater amount than those providing fewer services.

Department of Public Health and Environment Response:

Agree. Implementation Date: December 31, 2004. Initial loan repayment amounts were determined in discussion with key stakeholders: Colorado Dental and Dental Hygienists' Associations, Colorado Community Health Network, Colorado Rural Health Center, and the University of Colorado School of Dentistry. Of utmost concern was the number of patients per month likely to be seen in public versus private dental settings based on a literature review and review of other state dental loan repayment programs. After considering the audit findings, five options were considered, varying each of three variables including service

level, loan repayment amount, and rate per client. These options will be proposed to the State Board of Health for rules changes.

Marketing the Program

We reviewed the marketing efforts used by the Department to increase awareness of the Dental Loan Repayment Program and to encourage more dental professionals to apply. We found that the Department needs to expand its marketing efforts to a broader population of dental health care providers.

Currently Program staff primarily market the Program through the Colorado Provider Recruitment Center (Center). The Center is a service offered through the Colorado Rural Health Network (Network). The Department works with the Network to promote programs that identify providers to work in safety-net settings and to increase access to health care for underserved Coloradans, both in rural and urban settings. The Center works to place interested dentists and hygienists with federally qualified health centers and other dental practices that have difficulty attracting providers. This may include dental practices that are located in rural areas of the State or nonprofit health care centers in central Denver that exclusively treat underserved individuals. The Center also attempts to interest students in regional dental schools, as well as residents in dental practices, to explore future employment in these types of settings. The Dental Loan Repayment Program is one incentive that the Center promotes when encouraging dental care providers to consider working in positions that typically offer lower salaries than private practice.

By marketing the Program through the Center, Program staff target individuals who have already shown a propensity to treat underserved individuals. Four Program recipients are current employees of federally qualified health centers. We conducted a survey of 11 of the 12 providers enrolled in the Program in Fiscal Years 2002 and 2003 to identify how participants learned about the Program. Of those surveyed, 10 of the 11 stated that they learned of the Program through word of mouth or connections to the safety-net health care systems. The Program's loan repayment assistance encouraged some of these dental professionals to remain at these health centers rather than move to private practice. Although targeting providers who are already working in and connected to the safety-net health care system may encourage them to continue working with the underserved population, marketing to dental providers outside of this system may be the best way to actually increase access to dental care by encouraging participation by dentists and hygienists who otherwise would not work in this population.

Program staff reported some marketing of the Program to a broader audience of dental professionals by publishing articles in the Colorado Dental Association Newsletter and attending career fairs held by the Colorado Dental Hygienist Association. These professional organizations represent about 85 percent of dentists and dental hygienists in Colorado and offer an ideal way to reach a broad audience. We believe that the Department should continue to pursue cost-effective marketing options that target those dental professionals who may not have previously considered serving large

numbers of underserved patients. This would help the Program reach one of its goals of expanding the infrastructure and resources available to provide dental treatment to underserved populations. The Program should make an extra effort to target those dental students and dental hygienist students who are still making decisions about the types of dental practices they will enter. Marketing options include working with:

- The State Board of Dental Examiners, which licenses and regulates both dentists and dental hygienists;
- The University of Colorado School of Dentistry, which trains both dentists and dental hygienists; and
- Additional pre-dental and dental hygienist programs offered at higher education institutions throughout the State.

Publicizing the Program to a wider audience may increase the number of dentists and hygienists willing to work with underserved populations in return for loan repayment assistance.

Recommendation No. 7:

The Department of Public Health and Environment should continue to expand awareness of the Dental Loan Repayment Program by developing cost-efficient options that target dentists and dental hygienists who are not already participating in the safety-net health care system.

Department of Public Health and Environment Response:

Agree. Implementation Date: December 31, 2004. The Dental Loan Repayment Program is currently working with the Colorado Provider Recruitment Task Force (Colorado Rural Health Center, Colorado Community Health Network, Primary Care Office, Area Health Education Centers, and the Colorado Medical Society) to develop a web-based decision tree to assist students and new providers with outstanding educational loans, an easy means for determining which loan repayment programs they qualify for, and a web link to the appropriate program contact and application information (<http://www.uchsc.edu/ahec/lrp/index.htm>). This will enhance the marketing of the Dental Loan Repayment Program. In addition, the Program will also publicize this new site to the State Board of Dental Examiners, professional associations, and dental/dental hygiene programs. The Oral Health Program will also develop contacts for pre-dental and pre-hygiene programs throughout the State to assure students are considering these options early in their careers.

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