

**Dental Loan Repayment Program  
Department of Public Health  
and Environment**

**Performance Audit  
June 2010**



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Members of the Legislative Audit Committee:

This report contains the results of a performance audit of the Department of Public Health and Environment, Dental Loan Repayment Program. The audit was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of state government. The report presents our findings, conclusions, and recommendations, and the responses of the Department of Public Health and Environment.

*Sally Symanski*

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# Dental Loan Repayment Program

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## Purpose, Authority, and Scope

The Dental Loan Repayment Program (Dental Loan Program, Program) provides student loan repayment assistance to dentists and hygienists that agree to serve a traditionally underserved population. Section 25-23-101, C.R.S., states that the purpose of the Dental Loan Program is to encourage and enable dental professionals to provide care to underserved populations in Colorado by the use of a financial incentive program. In other words, the Program was created to increase the number of dental providers willing to serve underserved individuals and areas. Statute [Section 25-23-102(5), C.R.S.] states that the intended population to be served by dental and hygienist participants should include, but not be limited to, those enrolled in Medicaid and the Children's Basic Health Plan, as well as the medically uninsured. In addition, the Department of Public Health and Environment (Department), which administers the Dental Loan Program, has determined that beneficiaries under the Colorado Old Age Pension Program are to be considered part of the underserved population for the purposes of the Dental Loan Program. Since the Dental Loan Program's inception in Fiscal Year 2003, Dental Loan Program providers have provided about 250,000 dental client visits to underserved clients.

The Dental Loan Program is funded through the Tobacco Master Settlement Agreement of 1998 (Tobacco Settlement). The Tobacco Settlement between the tobacco industry and 46 states, five 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. We discuss Tobacco Settlement funds in the following section of this report.

This audit was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of state government. Section 2-3-113(2), C.R.S., requires that the State Auditor conduct audits of programs that receive Tobacco Settlement funds. Statute directs the State Auditor to conduct evaluations to determine whether those programs are effectively and efficiently meeting their stated goals. This audit reviewed the Dental Loan Program to determine whether it is meeting its intended goal of increasing services to the underserved population. The audit focused on the Department's efforts to solicit and select Program applicants, as well as how the Department monitors participating dental providers' contracts to ensure that they are providing the agreed-upon number of client visits listed in their contracts. The

Office of the State Auditor conducted a previous evaluation of the Dental Loan Program in 2004.

Audit work was performed from January through June 2010. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **Tobacco Settlement-Funded Programs**

Statute [Section 24-75-1104.5(1)(d), C.R.S.] directs an annual appropriation of \$200,000 in Tobacco Settlement funds to the Dental Loan Program, at the discretion of the General Assembly. Under current statutes, the Dental Loan Program is expected to remain active for the duration of the State's receipt of Tobacco Settlement payments, which are projected to continue through 2025. If the Dental Loan Program is to continue after 2025, it would need to be funded by other funding sources.

Other Tobacco Settlement-funded programs are authorized by Section 24-75-1103(3), C.R.S., which directs the State to dedicate a majority of the Tobacco Settlement moneys it receives to improving the health of Colorado citizens. Statute outlines program categories that should benefit from Tobacco Settlement funds, including tobacco use prevention, education, and cessation programs, as well as related health programs. Under Section 24-75-1104.5(1), C.R.S., about 65 percent of Tobacco Settlement funding must be directed to 12 "first-tier" programs, or those programs that must be fully funded before any additional programs receive Tobacco Settlement funds. In Fiscal Year 2010, about \$64 million in Tobacco Settlement funding was appropriated to first-tier programs.

Section 24-75-1104.5(1), C.R.S., sets the percent of annual Tobacco Settlement funds that each first-tier program receives and a maximum dollar amount that serves as a cap on funding to each program. The following table lists first-tier programs, the required percent of Tobacco Settlement funding that each program is statutorily eligible to receive during Fiscal Year 2010, the maximum funding amounts that statute authorizes to be appropriated to each first-tier program in any one year, and the actual Fiscal Year 2010 appropriation for each first-tier program.

<b>Colorado Tobacco Settlement Funds Statutorily Required Funding for First-Tier Programs<sup>1</sup> Fiscal Year 2010</b>			
<b>Program</b>	<b>Percent of Tobacco Settlement<sup>2</sup></b>	<b>Maximum Funding Amount<sup>2</sup></b>	<b>Fiscal Year 2010 Appropriation</b>
Children's Basic Health Plan	24%	\$30,000,000	\$24,955,000
Nurse Home Visitor Program	14	19,000,000	13,454,000
Fitzsimons Trust Fund	8	8,000,000	8,000,000
Read to Achieve Grant Program	5	8,000,000	4,991,000
Comprehensive Primary and Preventative Care Grant Program	3	5,000,000	594,000
Tony Gramscas Youth Services Program	4	5,000,000	3,993,000
AIDS Drug Resistance Program	3.5	5,000,000	3,493,000
Colorado HIV and AIDS Prevention Grant Program	2	2,000,000	1,996,000
State Veterans Trust Fund	1	1,000,000	998,000
Autism Treatment Fund	-	1,000,000	1,000,000
Child Mental Health Treatment Act	-	300,000	300,000
Dental Loan Repayment Program	-	200,000	200,000
<b>Total</b>	<b>64.5%</b>	<b>\$84,500,000</b>	<b>\$63,974,000</b>
<b>Source:</b> Office of the State Auditor analysis of Colorado Revised Statutes Section 24-75-1104.5, C.R.S., and the Colorado Joint Budget Committee Fiscal Year 2009-10 Appropriations Report.			
<sup>1</sup> First-tier programs are designated by Section 24-75-1104.5(1), C.R.S., and must be fully funded prior to funding any other Tobacco Settlement funded programs.			
<sup>2</sup> Most first-tier programs are statutorily allocated a percent of Tobacco Settlement funds not to exceed a statutory maximum dollar amount; a few are allocated a fixed dollar amount. Because the amount of Tobacco Settlement funds varies from year to year, these percentage allocations are capped at the dollar amount listed in the maximum funding amount column. No program can receive more annual Tobacco Settlement funding than the dollar cap.			

All other programs that receive Tobacco Settlement funding are considered "second-tier" programs, as they are only funded if the first-tier programs discussed above are fully funded based on the funding percentages outlined in statute. In Fiscal Year 2010, \$30.9 million was appropriated to second-tier programs.

All programs that receive Tobacco Settlement funding are required by Section 25-1-108.5(2), C.R.S., to submit annual reports to the Department. The annual report must include information on the program goals, demographic information on the population served by the program, the actual number of persons served, and the

services provided through the program. Further, the annual report must provide an evaluation of the effectiveness of the program in achieving its stated goals.

In the following two sections, we discuss the underserved population targeted to benefit from services obtained through Dental Loan Program providers, as well as underserved areas that lack adequate dental services. Both the underserved population and information on underserved areas are key components in the Department's selection of dental providers to receive loan forgiveness through the Dental Loan Program.

## **The Underserved Population**

According to the 2000 U.S. Surgeon General report on Oral Health in America, oral health is essential to the general health and well-being of all Americans. At that time 108 million children and adults lacked dental insurance, which is more than 2.5 times the number who lacked medical insurance. For low-income populations, dental care often is difficult to obtain. Providers accepting patients enrolled in Medicaid, the Children's Basic Health Plan, or the Colorado Old Age Pension Program must be willing to accept rates set by those programs.

According to a 2008 Kaiser Family Foundation report on dental coverage for low-income children, there are documented linkages between oral diseases and ear and sinus infections, weakened immune systems, diabetes, heart and lung disease, and other serious health conditions. The report also states that a lack of dental treatment has the potential to affect speech, nutrition, growth and function, social development, and quality of life. Children with oral diseases are restricted in their daily activities and are estimated to miss more than 51 million hours of school each year.

The importance of oral health has long been recognized by the Colorado Departments of Public Health and Environment and Health Care Policy and Financing. With support from the Governor's Office, those departments pursued supplemental funding and formed the Colorado Commission on Children's Dental Health (Commission) in May 2000. The Dental Loan Program was one of nine recommendations that the Commission submitted to the Governor and General Assembly in December 2000. The Commission, in recognition of the shortage of dental providers willing to serve low-income populations, recommended offering educational loan repayments and other incentives to recent dental graduates to encourage them to serve the underserved population.

The Dental Loan Program is intended to increase the number of providers who serve individuals who are part of the underserved population. As stated previously, for the purposes of the Dental Loan Program the underserved population includes individuals participating in the Medicaid or Children's Basic

Health Plan programs, individuals who are medically uninsured, and beneficiaries under the Colorado Old Age Pension Program. We describe each of these populations below.

- **Medicaid** – This program provides medical insurance for adults and dependent children who meet income requirements, receive Supplemental Security Income from the Social Security Administration, or are blind or disabled. Medicaid also provides dental insurance for dependent children. Financial eligibility for each coverage group varies, but all eligibility requirements are tied to the individual's or family's income and their proximity to the federal poverty level. Under the Colorado Medicaid program the federal government typically provides 50 percent of funding and the State provides the other 50 percent. However, the American Recovery and Reinvestment Act of 2009 (Recovery Act) awarded additional funding to Medicaid programs nationwide to reduce state matching requirements for Medicaid dollars. Specifically, the Recovery Act increased the Federal Medicaid Assistance Percentage (FMAP) for Medicaid in Colorado for services delivered between October 1, 2008 and December 31, 2010. As of the end of March 2010, the federal match for Medicaid in Colorado was 61.59 percent, and the state share was 38.41 percent.
- **Children's Basic Health Plan** – This program provides medical and dental insurance for children under age 18. Eligibility is limited to households at or below 250 percent of the federal poverty level who are not eligible for Medicaid. For this program the federal government matches 65 percent and the state share is 35 percent.
- **Colorado Old Age Pension Program (OAP)** – This state program provides financial assistance up to \$699 per month for low-income adults aged 60 or older. Eligibility is limited to households with a monthly income of less than \$699 and assets less than \$2,000 for individuals and \$3,000 for couples.
- **Medically Uninsured** – The medically uninsured population, for the purpose of the Dental Loan Repayment program includes individuals who have no dental insurance coverage, individuals who are eligible for the Colorado Indigent Care Program (authorized by Section 25.5-3.101, C.R.S.), and individuals who are served by a dental professional and either charged fees based on a sliding scale or who are provided services at no charge.

The table below shows the number of individual client visits, by patient group, as reported by dental providers participating in the Dental Loan Program for Fiscal Years 2002 through 2010. These client visits have increased significantly since Program services began in Fiscal Year 2003, although funding for the Program has remained flat, as we discuss later in this report.

<b>Colorado Dental Loan Repayment Program            Client Visits Provided to the Underserved Population            By Patient Group            Fiscal Years 2002 Through 2010</b>					
<b>Fiscal Year</b>	<b>Medicaid Client Visits</b>	<b>Children's Basic Health Plan Client Visits</b>	<b>Uninsured Client Visits</b>	<b>Old Age Pension Client Visits</b>	<b>Total</b>
2002 <sup>1</sup>	0	0	0	0	0
2003	3,629	802	10,359	202	14,992
2004	6,807	1,399	11,844	478	20,528
2005	8,734	873	9,606	97	19,310
2006	17,664	2,185	7,488	245	27,582
2007	19,807	4,497	15,153	165	39,622
2008	17,851	3,776	15,808	287	37,722
2009	19,009	10,962	29,971	853	60,795
2010 <sup>2</sup>	13,560	2,005	15,700	88	31,353
<b>Total</b>	<b>107,061</b>	<b>26,499</b>	<b>115,929</b>	<b>2,415</b>	<b>251,904</b>

**Source:** Office of the State Auditor analysis of Colorado Department of Public Health and Environment Dental Loan Repayment Program records.

<sup>1</sup> In Fiscal Year 2002 Dental Loan Program providers' contracts were executed in June 2002 and loan assistance payments were made in advance of services being provided. Currently the Department makes loan assistance payments on a quarterly basis after services have been provided.

<sup>2</sup> Fiscal Year 2010 data is through the first three quarters only, as of March 31, 2010.

## Underserved Areas

Statute [Section 25-23-101, C.R.S.] states that, in addition to expanding coverage to the underserved population, the Dental Loan Program is intended to assist communities that have difficulty recruiting dental providers to serve the underserved population. Identifying underserved communities is a complex process and many different factors can be considered in identifying populations and areas that are most in need of dental care providers. In its application selection process, the Department currently uses two indicators to provide preference in awarding Dental Loan Program funds to applicants: (1) Health Professional Shortage Areas, and (2) Federally Qualified Health Centers or other non-profit safety-net facilities that provide dental care to the underserved population. The Department awards additional points to dental loan applicants who agree to serve in a Health Professional Shortage Area and/or agree to work at a Federally Qualified Health Center or other non-profit safety-net facility. These two indicators are described below:

- **Health Professional Shortage Areas:** Areas with shortages in either medical or dental providers are designated by the Health Resources Services Administration within the U.S. Department of Health and Human Services.

Health Professional Shortage Areas can be as small as a few city blocks or large areas that cover entire cities or counties. To be specifically designated as a Dental Health Professional Shortage Area, the U.S. Department of Health and Human Services requires the area to meet at least one of several criteria. A complete list of criteria is in Appendix A. We provide examples of some of these criteria below:

- Have a ratio of the population to full-time equivalent dentists of at least 5,000 to 1;
  - Have geographically distant and inaccessible dental providers; or
  - Be a public, non-profit, or other safety-net dental facility in an area with insufficient dental care capacity.
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- **Federally Qualified Health Centers (Health Centers):** Health Centers offer medical and, in some cases, dental services to individuals eligible for Medicaid, the Children's Basic Health Plan, OAP, or to those individuals who are uninsured. To be designated as a Health Center, the Health Resources Services Administration requires the facility to meet all of the following requirements:
    - Be located in or serve a high-need community;
    - Be governed by a community board made up of at least 51 percent patients;
    - Provide comprehensive primary and supportive care services;
    - Provide services to all individuals regardless of their ability to pay and;
    - Meet Health Resources Services Administration performance and accountability requirements.

In addition to Health Centers, the Department includes safety-net facilities and other non-profit providers that serve the target population as additional facilities of preference for selecting dental health professionals for Dental Loan Program funding.

## **Dental Loan Program Administration**

The Dental Loan Program is administered by the Oral Health Unit of the Colorado Department of Public Health and Environment, with oversight from the Colorado Board of Health. In Fiscal Year 2010 the Dental Loan Program was appropriated \$200,000 in Tobacco Settlement funds and 0.2 FTE for all operations, including participant recruitment and selection, as discussed below.

## Participant Recruitment

The Dental Loan Program pays all or part of the principal, interest, and related expenses of the educational loan of each selected dental professional up to a specified amount based on the number of underserved clients they agree to serve. Dentists and dental hygienists with student loans incurred during the course of their professional education are eligible to apply to the Dental Loan Program for loan repayment assistance. Loan repayment assistance amounts increase in accordance with the number of underserved clients the provider agrees to serve. Dental professionals apply for one of five provider levels, which are based on a minimum average number of underserved client visits each month. According to the Department, for the last five years, the average student loan debt for dentist and hygienist Program applicants was about \$108,000 and \$17,000, respectively.

Loan repayment agreements for providers selected for the Program cover a two-year period, during which time the total loan repayment assistance amounts are paid. Dental professionals can apply for and be awarded loan repayment assistance during two loan cycles over a period of four years, as long as the service requirements are met.

According to Program rules, to receive loan repayment assistance, dentists and hygienists must meet the following criteria:

- Have student loan debt equal to or greater than the loan repayment assistance amount for the provider level applied for;
- Hold a current Colorado dentist or hygienist license to practice and be in good standing;
- Be able to demonstrate that they are currently serving or will be able to provide the required number of service sessions to underserved patients at the provider level they are applying for and;
- Be employed in a Health Center or a private practice that is open to new clients enrolled in Medicaid or the Children's Basic Health Plan or provides a significant level of pro bono care to underserved populations.

The following table shows provider service levels, loan repayment assistance amounts, and service obligations for Dental Loan Program participants.

<b>Colorado Dental Loan Repayment Program Provider Levels as of June 2010</b>		
<b>Provider Level</b>	<b>Loan Repayment Amount</b>	<b>Minimum Number of Required Underserved Patient Visits Monthly</b>
Dentist I	\$25,000	40
Dentist II	\$20,000	25
Dentist III	\$10,000	10
Hygienist I	\$6,000	20
Hygienist II	\$3,000	10
<b>Source:</b> Colorado Department of Public Health and Environment 2010 Dental Loan Repayment Program Application form.		

Dental Loan Program staff recruit Program applicants from the University of Colorado Dental School and three dental hygienist programs; these are the only programs in the state that train new dentists and hygienists. In addition to recruiting at these programs, Dental Loan Program staff recruit through the Colorado Dental Association and at the Rocky Mountain Dental Convention. The Department also solicits applicants from the Federally Qualified Health Centers, the Colorado Rural Health Center, and other non-profit dental facilities that serve the underserved population. The Dental Loan Program annually receives more applicants than it is able to fund.

To select Program participants the Department considers a variety of factors including the provider's qualifications, whether the provider is providing dental services in underserved areas, the number of visits the dentist or hygienist agrees to provide each month, and how many of the different categories of underserved individuals the provider serves.

## **Revenue and Expenditures**

As noted previously, statute directs that the Dental Loan Program receive an annual appropriation of \$200,000 in Tobacco Settlement funds, at the discretion of the General Assembly. Dental Loan Program staff also are directed to pursue supplemental program funding in the form of grants or donations. In Fiscal Years 2007, 2008, 2009, and 2010 the Dental Loan Program received supplemental Health Resources Services Administration grant disbursements totaling \$34,000, \$30,000, \$30,000 and \$100,000, respectively.

The following table shows Dental Loan Program expenditures for Fiscal Years 2002 through 2010.

<b>Dental Loan Repayment Program Expenditures Fiscal Years 2002 Through 2010</b>	
<b>Fiscal Year</b>	<b>Expenditures</b>
2002 <sup>1</sup>	\$177,000
2003	173,000
2004	182,000
2005	200,000
2006	200,000
2007	200,000
2008	198,000
2009	246,000
2010 <sup>2</sup>	106,000
<b>Total</b>	<b>\$1,682,000</b>

**Source:** Office of the State Auditor analysis of Colorado Financial Reporting System (COFRS) and Dental Loan Program data.  
<sup>1</sup> In Fiscal Year 2002 Dental Loan Program providers' contracts were executed in June 2002 and loan assistance payments were made in advance of services being provided. Currently the Department makes loan assistance payments on a quarterly basis after services have been provided.  
<sup>2</sup> Fiscal Year 2010 data is through the first three quarters only, as of March 31, 2010.

In Fiscal Year 2009, about \$15,000 or 6 percent of total program expenditures were for the Department's administration of the Program and the remaining approximately \$231,000 was distributed to Dental Loan Program participants for loan forgiveness.

## Summary of Findings

As stated, the audit reviewed the Department's applicant solicitation and selection practices and contract monitoring of Dental Loan Program participants. Overall, we found that the Dental Loan Program is meeting Program goals by continuing to increase dental services to underserved populations. As shown previously in the table on page six, the number of client visits provided by Dental Loan Program participants in Fiscal Year 2010 through March 31, 2010 is more than double the number of client visits in all of Fiscal Year 2003, the first year in which patients were served under the Program. Further, the Dental Loan Program has funded dental providers in most areas of the state.

Although we found the Program is meeting its goals, we identified two areas where improvements could be made. First, we found that the Department could strengthen its Program application solicitation and selection processes to maximize the opportunity to identify and fund dentists and hygienists willing to provide dental services to Colorado's underserved communities. Second, we found that the Department could do more, through improved contract requirements and streamlined contract monitoring practices, to ensure that dental providers receiving loan forgiveness funding are providing the number of client visits agreed to in their contracts. These improved requirements and monitoring practices will also help provide assurance that the performance indicator reporting required as a condition of Tobacco Settlement Program funding is accurate and reliable.

## **Application Solicitation and Selection**

As noted previously, Section 25-23-101, C.R.S., states that many communities have difficulty recruiting dental providers to serve local underserved populations. Additionally, the legislative declaration states that the Program's purpose is to encourage and enable dental professionals to provide care to underserved populations in Colorado through a financial incentive program. To that end, the Department has established practices to consider difficult-to-serve areas when soliciting and evaluating applicants for the Dental Loan Program.

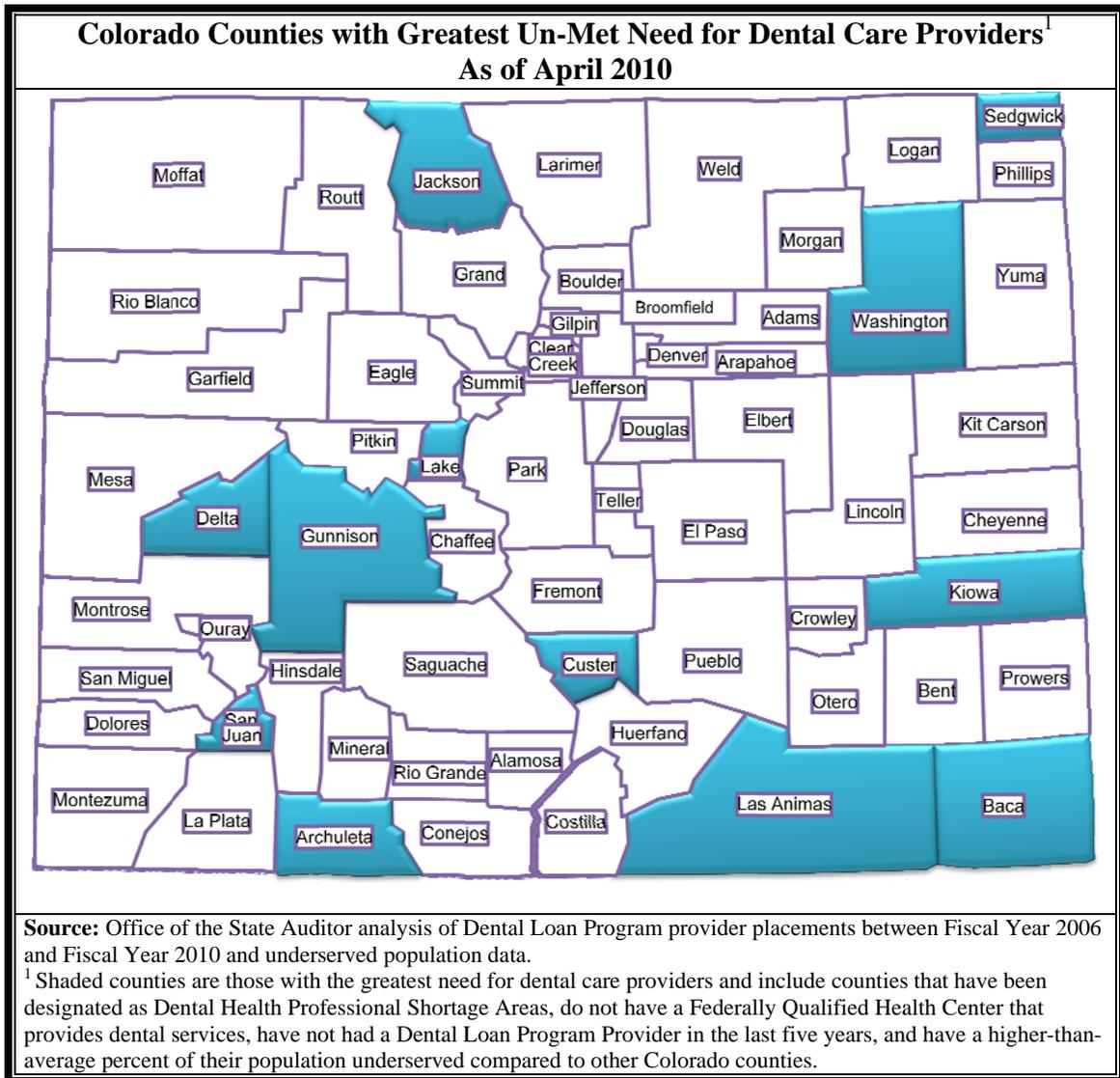
Currently the Department recruits applicants for the Dental Loan Program by providing them with Program information, Program provider levels, application instructions, and a sample of the quarterly report form that they must submit if selected. According to Department staff, providers who serve rural and difficult-to-serve areas are specifically targeted during recruiting activities. As discussed earlier in this report, the Department also attempts to place dental professionals in underserved areas, including Health Professional Shortage Areas and areas where there is a Federally Qualified Health Center, safety-net facility, or other non-profit dental practice that serves the underserved population.

We reviewed the Department's practices for recruiting and selecting participants and found that the Department could do more to maximize incentives for dental providers to enter underserved areas currently without a provider. We found that although the Department endeavors to solicit applicants who will serve in underserved areas, a significant number of counties still have a large percentage of their population that are underserved, without access to dental care. As stated earlier, identifying the underserved areas is a complex process and many factors can be considered in identifying the areas most in need of dental professionals. For the purposes of this audit, we looked at two factors available to identify underserved areas. Specifically, we compared data on Dental Health Professional Shortage Areas in Colorado from the Health Resource Services Administration

with data on the location of Health Centers that provide dental services. We identified 21 counties with designated Dental Health Professional Shortage Areas and no access to a Health Center that provides dental services. Of these 21 counties, we found that 16 (76 percent) had not had a Dental Loan Program-funded provider in the last five years.

In an effort to identify counties with the greatest need for dental services, we also used Colorado Department of Health Care Policy and Financing and U.S. Census Bureau data to identify the number of underserved clients by county for all 64 counties in the state. We then compared the total number of underserved individuals in each county to the total county population. We found that, on average, about 31 percent of the population in each Colorado county was enrolled in either Medicaid or the Children's Basic Health Plan, or was medically uninsured. We did not include Old Age Pension recipients in our evaluation, as they have historically made up only 1 percent, the smallest segment, of the populations served by Dental Loan Program participants. We then compared the 16 counties with at least one Shortage Area, no Health Center, and no Dental Loan Program-funded dental health provider in the past five years to the data on the percent of underserved clients in each county. We found that 12 of the 16 counties had a higher percent of their populations underserved than the Colorado county average. In other words, our analysis indicated that these 12 counties have the greatest un-met need for dental care providers in the State.

Shaded counties in the table below are the 12 counties with: (1) Shortage Areas, (2) no Health Center, (3) no Dental Loan Program provider in the last five years, and (4) a higher percent of their population underserved than the Colorado county average.



According to the Department, a number of barriers make providing dental services to some of these counties challenging. For example, some counties do not have enough residents to support a dental professional. Further, the cost of setting up a new practice to provide care to underserved populations can be prohibitive for new dentists. Although these factors present substantial barriers, we believe that the Department can take steps to increase the likelihood that a prospective Program provider would consider serving in an underserved area.

First, the Department can inform potential applicants of areas with the highest need, or areas that are a priority for the Department but have not been served by a Program provider recently. The Department can inform applicants that their probability for selection for loan repayment assistance will increase if they agree

to serve one of these areas. The Department could provide this information in materials given to prospective applicants during the recruiting process.

Second, the Department can modify its application scoring tool to award additional points to applicants who commit to serve these targeted areas. The current Department scoring tool used to evaluate applications and select Dental Loan Program participants awards additional points to applicants who are employed in a Shortage Area *or* at a Health Center. However, the tool does not award extra points for dental professionals willing to serve those underserved areas that have been designated as *both* provider Shortage Areas and areas without a designated Health Center.

Finally, the Department could seek out a wider pool of potential applicants by working with student loan organizations to disseminate information about the Dental Loan Program to dentists and hygienists with student loan debt. While the Department currently receives more applications for loan repayment assistance than it can fund, expanding the potential applicant pool could increase the probability that more applicants would apply to provide dental care in underserved areas.

Improvements in outreach combined with enhancements in the Department's application scoring tool will help maximize opportunities for the Department to increase Program coverage in underserved areas lacking a sufficient number of dental professionals. These changes may help further the Department's goal of increasing access to dental care for underserved individuals living in underserved areas. In Recommendation No. 2 we make suggestions for how the Department can streamline its contract monitoring processes, which could free up its limited staff resources to enhance its recruiting and selection processes, as described in this recommendation.

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## **Recommendation No. 1:**

The Colorado Department of Public Health and Environment should improve its recruiting and selection processes for the Dental Loan Program to increase the likelihood of identifying participants who will agree to provide dental care in underserved areas. Specifically, the Department should:

- a. Inform potential applicants that their probability for selection for loan repayment assistance increases if they agree to serve in difficult-to-serve areas that have not had a recent Program participant.
- b. Modify the Program application scoring tool to include additional points for applicants willing to serve underserved areas. During the recruitment

process, the Department should provide potential applicants with information on the scoring method that will be used to assess applications.

## **Department of Public Health and Environment Response:**

Agree. Implementation date: January 2011.

The Department agrees with the recommendation. It is important to note, however, the Program currently has more applicants than funds available. Additionally, the perceived value of the incentive compared to educational debt, and costs incurred to start and maintain a new dental practice are often overriding factors to practice location selection. For example, the 12 counties identified by the audit as having high un-met needs have very small populations, representing approximately only 2 percent of Colorado's total population, and at least four have not had a dental provider for over five years. Due to this and numerous other barriers related to recruiting dental providers to the remote rural areas, the Department has adopted a multi-strategy approach to address access to care, of which loan repayment is just one strategy. In other words, a county may be receiving services through another avenue not related to dental loan repayment, such as a mobile van. Because of the complexity of access issues, it remains questionable that the action suggested to expand dental loan repayment will result in any measurable impact on the provision of dental care to underserved populations in the counties identified by the audit.

While the report found that the Program is meeting its goals, the Department will attempt to improve its recruiting and selection processes to "increase the likelihood of identifying participants who will agree to provide dental care in underserved areas" by expanding the Dental Loan Repayment program into the Colorado counties identified by the audit as having the greatest un-met need for dental care providers as follows:

- 1) The Program will more fully utilize existing avenues for applicant recruitment, such as program and partner websites, to inform potential applicants about areas of greatest un-met need.
- 2) The Program will develop Geographical Information Systems map(s) to clearly illustrate areas of greatest un-met need, and include the map(s) in the application package and the promotional and marketing materials made available online and distributed throughout the state at various venues. Maps developed as part of the Program will be updated in January of each year to correspond

with changes in Health Professional Shortage Area designation, and to reflect loan repayment awards distributed in a given fiscal year.

- 3) Although the Program currently includes additional points for any applicant serving underserved areas designated as a dental Health Professional Shortage Area, the application scoring tool will be modified to award additional points for those serving in an area that has been designated a Health Professional Shortage Area, and does not have a Federally Qualified Health Center. Points awarded for this criterion will be based on Health Professional Shortage Areas as designated on the date the application is scored.

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## Contract Monitoring

Dental professionals who accept loan repayment assistance through the Dental Loan Program must agree to provide a minimum number of client visits in exchange for the Program-funded assistance received. Those professionals who agree to serve a higher number of underserved clients are given priority for receiving loan repayment assistance and higher total loan repayment amounts. To ensure that providers meet their service obligations, Program rules [Section 1.5(2)(E)] require that the Department enter into a contractual agreement with the dental professional outlining the minimum number of service sessions that must be provided to underserved clients each month. Additionally, Program rules and the contract agreement require the provider to submit quarterly reports on the number of service sessions provided to each underserved population group. The Department uses this information to monitor participants' fulfillment of obligations under their contracts and to report Program statistics, a requirement for all programs receiving Tobacco Settlement funding.

In addition to the required quarterly reports, the Department has issued informal instructions to Program participants not employed by Health Centers requiring them to provide supporting documentation on clients served. The Department has specifically requested that Program participants provide supporting documentation with identifying information on the client served and service provided, such as Medicaid billing reports or lists of uninsured individuals. The Department does not request that Program participants provide documentation on client visits provided through the Children's Basic Health Plan or Old Age Pension programs because the Department can obtain reports on dental services provided through both programs from other sources. This supporting documentation helps to ensure that the reported number of client visits is accurate. In addition, the supporting documentation can be compared against client medical

files, if necessary, to verify that services were actually provided. Currently the Department does not require Program providers employed at Health Centers to provide supporting documentation for the number of clients reported as served because, as described previously in this report, Health Centers provide services almost solely to the underserved population. Further, Health Centers must comply with stringent federal requirements to maintain their designations as Federally Qualified Health Centers.

We reviewed Dental Loan Program participant contracts and quarterly reports for Fiscal Years 2009 and 2010. We found that the Department should strengthen its procedures for collecting supporting documentation that substantiates the number of client visits reported by Program providers. In addition, the Department should streamline its processes for reviewing documentation and verifying services provided. Streamlining the review process could help free up resources, making staff available for the enhanced recruitment and selection activities discussed in Recommendation No. 1.

First, the Department does not have formal written policies or contract provisions requiring Dental Loan Program participants not employed at a Health Center to submit supporting documentation, including identifying information on visits for underserved clients. Additionally, the Department does not have penalties if participants fail to meet their service obligations. While the Department has provided informal instructions to Program participants not employed by Health Centers to submit supporting documentation with their quarterly reports, these requirements are not stated in the participants' contracts. As a result, the Department cannot enforce this informal requirement to submit supporting documentation.

We reviewed 38 Dental Loan Program participant contracts and 154 required quarterly reports for Fiscal Years 2009 and 2010 and identified problems with the quarterly reports submitted by 18 Program participants not employed by Health Centers. Under the Department's informal requirements, these 18 providers must submit supporting documentation for clients they served during the quarter. We found that 25 of the 78 quarterly reports filed by these 18 Program participants (32 percent) did not have supporting documentation. Additionally, we found that the lack of standardized documentation requirements has created inefficiencies for Department staff reviewing the documentation. While the Medicaid information reported was relatively standardized, the supporting documentation for uninsured individuals was not, making review by Department staff time consuming. In addition, because the Department has not formalized its documentation requirements through Program participants' contracts or in Program rules, the Department cannot enforce these requirements. Without adequate supporting documentation, the Department cannot follow up with participants if it identifies a problem and needs to verify client visits.

We also identified concerns related to documentation provided by some Dental Loan Program providers employed by Health Centers. These providers are not required to provide documentation substantiating the number of reported client visits. We did not have concerns about providers employed at a Health Center full-time, as the Health Centers furnish care almost exclusively to the underserved. However, we did identify a concern for providers who are employed only part-time at a Health Center. Of the 20 Dental Loan Program providers we reviewed who were employed at a Health Center, 3 providers were employed between 14 and 19 hours per week. If a Program provider is not employed at the Health Center full-time, he or she has fewer hours dedicated to providing services to the underserved population, and there is a risk that the Program provider may not meet the service obligations stated in his or her contract. Requiring Program participants employed part-time at a Health Center to report not only the number of clients served, but also the hours worked at the Health Center during a quarter will provide the Department enough information to review the quarterly reports for reasonableness and follow up on instances when there is a concern about whether a provider has met his or her contractual service obligation.

Finally, the Department's process for reviewing provider quarterly reports is labor intensive and could be restructured to better ensure that the numbers of client visits reported were actually provided. In cases when supporting documentation is provided, Department staff manually review the documentation. Staff check Medicaid billing reports for duplicate claims and errors. In addition, staff request a bi-annual report from Delta Dental (the State's Children's Basic Health Plan dental insurer) and check the report against the number of client visits reported by each Program participant. This review is time consuming, in part, because program participants do not submit information on Medicaid claims or uninsured individuals served in a standardized format. Providing Program participants with documentation guidelines for submitting supporting documentation would improve the consistency of information reported and facilitate the Department's review.

The Department's review process also could be streamlined by eliminating detailed review of all participants' documentation every quarter and instead reviewing a sample of provider reports each quarter. The review schedule should be structured so that all participants are reviewed at least once during their loan period. The Department should use this review to identify high-risk providers, who should be reviewed more frequently. A high-risk provider could be one who fails to submit reports timely, who frequently has had errors in reported information in the past, or whose quarterly reports include numbers that appear questionable. For each high-risk provider, the Department should evaluate supporting documentation, and if questions arise during its review, the Department should verify a sample of client visits through review of the Program provider's client records.

The Colorado Department of Public Health and Environment is responsible for ensuring that the Dental Loan Program is meeting its stated goals. With limited resources for administering the Dental Loan Program, Department staff should ensure that Program policies and contract requirements are clear with respect to the type of client identification information that must be submitted by Program providers. When improving policies and contract language to clarify documentation requirements, the Department should consider including penalties for non-compliance. Penalties could include a reduction of loan repayment amounts or, in extreme cases, cancellation of the contract. Additionally, the Department could facilitate more efficient review by creating guidelines for Dental Loan Program providers to use when submitting required supporting documentation and by streamlining the review of providers' documentation. These activities should reduce time Department staff spend reviewing quarterly reports, making them available to pursue some of the enhanced recruitment and selection processes described in Recommendation No. 1. Further, these improved requirements and monitoring practices will also help provide assurance that the performance indicator reporting required as a condition of Tobacco Settlement Program funding, discussed earlier in this Chapter, is accurate and reliable.

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## **Recommendation No. 2:**

The Colorado Department of Public Health and Environment should strengthen its procedures for ensuring Dental Loan Program participants meet contractual service requirements and improve its review of participant reports. Specifically, the Department should:

- a. Establish formal policies requiring that Program participants not employed at a Federally Qualified Health Center, or employed at a Health Center fewer than 30 hours per week, supply supporting documentation on each client served for the number of client visits reported on quarterly reports. Participants employed at a Health Center fewer than 30 hours per week should also include in their quarterly reports the total number of hours worked at the Health Center during the quarter. Contract language should be revised to reflect these policies and include penalties for non-compliance, such as reduction of loan repayment amounts or cancellation of the contract.
- b. Develop and provide documentation guidelines to Dental Loan Program providers to assist them in preparing and submitting consistent supporting documentation for their quarterly reports.
- c. Adopt a sample-based review of quarterly reports and associated supporting documentation. When anomalies are identified, the Department

should conduct a risk-based review and trace supporting documentation to the clients' medical records to verify that the reported number of client visits was provided. The Department should take appropriate action if it determines that service obligations are not being met.

## **Department of Public Health and Environment Response:**

Agree. Implementation date: January 2011.

The Department will implement the recommendations to ensure contractual obligations are clear and are attained, specifically:

- 1) The Program will incorporate into the scope of work for the dental loan repayment contracts a section which requires all providers, other than those employed full-time at Federally Qualified Health Centers, to supply supporting documentation to validate the number of underserved patients reported on their quarterly reporting form.
- 2) The Program will incorporate into the scope of work for the dental loan repayment contracts a section which requires those employed by a Federally Qualified Health Center fewer than 30 hours per week to include in their quarterly reports the total number of hours worked at the Health Center during the quarter.
- 3) The Program will develop written guidelines to help recipients understand and accurately complete quarterly reporting forms, including hours worked, acceptable forms of supporting documentation, and appropriate preparation and submission of supporting documentation.
- 4) The Program will enter all contracts into the Contract Management System (CMS), and comply with all required reviews and reporting, including assignment of measures documenting "standard performance" such as:
  - a. Requiring all providers, other than those employed full-time at Federally Qualified Health centers, to supply supporting documentation to validate the number of underserved patients reported on their quarterly reporting form.

- b. Conducting a sample-based review of said supporting documentation.
  - 5) The Program will incorporate a risk-based review of any recipient who receives a “below standard” rating during any quarter of assessment, in accordance with CMS requirements.
  - 6) Should “below standard” performance occur, the Program will seek remediation per Paragraph 19 in the Standard Loan Repayment Contract, up to, and including termination of this contract, and in accordance with the additional Provisions Paragraph 2 regarding payment of liquidated damages.
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# **Appendix**

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## Appendix A

<b>Health Resources Services Administration Dental Health Professional Shortage Area (HPSA) Designation Criteria As of June 2010</b>	
<b>Type of HPSA</b>	<b>Criteria</b>
Geographic Area	<ul style="list-style-type: none"> <li>• Area must be rational for the delivery of dental services</li> <li>• Meet one of the following conditions                             <ul style="list-style-type: none"> <li>○ Have a population to full-time-equivalent dentist ratio of at least 5,000:1</li> <li>○ Have a population to full-time equivalent dentist ratio of less than 5,000:1 but greater than 4,000:1 and unusually high needs for dental services</li> </ul> </li> <li>• Dental professionals in contiguous areas are over utilized, excessively distant or inaccessible to the population</li> </ul>
Population Group	<ul style="list-style-type: none"> <li>• Population group resides in a rational service area for the delivery of dental care services</li> <li>• Has access barriers that prevent the population group from use of the area's dental providers</li> <li>• Has a ratio of the number of persons in the population group to the number of dentists practicing in the area and serving the population group of at least 4,000:1</li> <li>• Members of federally recognized Native American tribes are automatically designated. Other groups may be designated if they meet the basic criteria described above</li> </ul>
Facility	<ul style="list-style-type: none"> <li>• Facilities must be either federal and/or state correctional institutions or public and/or non-profit medical facilities</li> <li>• Federal or state correctional facilities must:                             <ul style="list-style-type: none"> <li>○ Have at least 250 inmates and</li> <li>○ Have a ratio of the number of internees per year to the number of FTE dentists serving the institution of at least 1,500:1</li> </ul> </li> <li>• Public and/or non-profit private dental facilities must:                             <ul style="list-style-type: none"> <li>○ Provide general dental care services to an area or population group designated as having a dental HPSA and</li> <li>○ Have insufficient capacity to meet the dental care needs of that area or population group</li> </ul> </li> </ul>
<p><b>Source:</b> U.S. Department of Health and Human Services, Health Resources Services Administration website  <a href="http://bhpr.hrsa.gov/shortage/dental.htm">http://bhpr.hrsa.gov/shortage/dental.htm</a>.</p>	

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