



SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: University of Maryland, Baltimore: Student Dental Clinics Management Contract

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 18, 2013

SUMMARY: The University of Maryland, Baltimore (UMB) requests approval to exercise the second of four one-year renewal options with the U.M. FDSP Associates, P.A. for the day-to-day operations of the student dental clinics at the Dental School. Daily operations include providing non-faculty support, scheduling patient visits, collecting fees charged to patients for services provided at the clinic and providing materials for the operations. The initial contract was approved by the Board of Regents in April 2011. The first renewal option was approved in April 2012. This request for approval is made pursuant to University System of Maryland Procurement Policies and Procedures: Section VII.C.2 for procurements exceeding \$5 million.

The U.M. FDSP, P.A. was established by the Board of Regents in 1985 to provide day-to-day management services for the student dental clinics. An inquiry was made by the Board asking if this annually renewed contract was competed in the marketplace. In that the U.M. FDSP, P.A. was established as a not-for-profit tax exempt entity by the Board for the specific purpose of managing the dental clinics alternatives to this contract have not been explored. The University has been asked to evaluate the contract and determine and determine if an alternative model should be considered. The University will conduct such an evaluation and make a full report to the Board no later than its December 2013, meeting (Attachment A).

CONTRACT(S): U.M. FDSP, P.A.

ALTERNATIVE(S): There is not a short-term alternative to executing the second renewal option with the U.M. FDSP, P.A. except to not provide the management services it currently provides to the dental clinics. However, as stated above the University will evaluate the efficacy and performance of the services under the present contract and determine if effective and efficient alternatives exist in the private sector.

FISCAL IMPACT: This U.M. FDSP, P.A. is a not-for-profit tax exempt entity that does not receive compensation. It is reimbursed for personnel expenses and reasonable out-of-pocket expenses that are documented in periodic statements of income and expense to the Dental School. The estimated dollar value for the FY 2014 contract is \$6,753,600. The contract will not exceed generated revenues.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve the second renewal option with the U.M. FDSP Associates, P.A. for the purpose of providing day-to-day management services to the student dental clinics for the University of Maryland, Baltimore dental school provided that the University report to the Board of Regents no later than at its December 2013 meeting the findings of a University study to evaluate the contract as to its effectiveness and efficiency in providing the services required under the contract and determine if an alternative model should be considered. The University will work closely with the USM Office of the COO/VCAF during the study period and report preparation.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Joseph F. Vivona (301) 445-1923

Plan for Review of Required Contract between University of Maryland School of Dentistry
and UM FDSP Associates, P.A.
June 18, 2013

USM and the School of Dentistry will undertake a review and analysis of the clinic management to verify that the objectives of management by the PA are being attained and that the cost of clinic management is reasonable and consistent with standards for dental practice management.

1. The goals of the contract with the PA, as stated in the Plan, are as follows:
 - a. Provide a clinical program in which dental students, dental hygiene students and residents may learn to practice dentistry.
 - b. Provide dental services to the community.
 - c. Permit faculty evaluation of new methodologies.
 - d. Provide a laboratory for development of new methods of delivering dental services.
 - e. Provide dental care center(s) to which area practitioners may refer difficult, unusual and challenging cases, thereby extending the University's commitment to public service.
2. The operational objectives of the professional association to carry out the goals stated in the Plan are as follows:
 - a. Provide patient care focused staffing for the following functions:
 - b. Dental Assistants
 - c. Dental Hygienists
 - d. Program Assistants (Receptionists)
 - e. Patient Account Specialists
 - f. Patient Care Coordinators
 - g. Clinic Business Managers
 - h. Patient Billing and Collections
 - i. Accounting and Administrative support
 - j. Provide clinical staff support consistent with the academic schedule.
 - k. Comply with all directives of the University and School of Dentistry.
 - l. Provide monthly financial reports to the school administration detailing the fiscal impact of patient care activities in each clinic.

- m. Manage patient accounts including appropriate collections at time of care, sending monthly statements, process insurance billing and collections and transfer accounts to the State Central Collections Unit.
 - n. Comply with all University and State guidelines such as the requirement to deposit all funds generated from care provided by students in a State account.
 - o. Work directly with the students, residents and faculty as providers of care to insure that the data captured is appropriate for care documentation and collection of all fees due.
 - p. Procure clinic supplies, laboratory processing and incur the other necessary expenditures for the efficient operation of the clinics.
3. An analysis of the contract with the PA association will be conducted by UMB and the School to determine if the PA services are provided at a cost competitive with the cost of comparable services in an arm's length arrangement and determine if an alternative model should be considered. The analysis will be undertaken between June and November, 2013. A report will be provided to the Chancellor and Board in December 2013. Subjects will include:
- a. Breakdown of Clinic Management Costs by component (Staffing, Clinic Supplies, etc.)
 - b. This analysis will provide a comparison of the cost to support patient care at School of Dentistry clinics to the costs under industry standards for private practices.
 - c. The efficiency and effectiveness of the services provided under the PA contract will be further measured as follows:
 - d. Total Contract Cost as a percentage of Patient Revenue Generated
4. This analysis, when calculated over a period of several years, is expected to demonstrate correlation between PA cost increases from year-to-year and increases in patient revenue generated. It is anticipated that cost increases will reflect additional support necessary to generate increased patient revenues.
5. Comparison of employee salary and fringe benefit costs for the PA clinic staff and management versus the cost of University or private business employment of similarly qualified and experienced personnel.
6. Review of recent annual audits of records of the PA by an independent Certified Public Account.
7. An annual audit (required by the Plan) insures the accuracy of the financial reports generated and in addition includes a review of the internal controls of the PA.

The University will conduct this evaluation and make a full report to the Board no later than its December 2013, meeting.