

STATE OF LOUISIANA

OFFICE OF STATE INSPECTOR GENERAL



DENTAL SERVICES CONTRACTS

Date Released:

April 3, 2006

File No. 1-06-0002

STATE OF LOUISIANA

OFFICE OF
STATE INSPECTOR GENERAL



DENTAL SERVICES CONTRACTS

Sharon B. Robinson, CPA
State Inspector General

A stylized, handwritten signature in black ink, appearing to be "KB", written over a horizontal line.

Approved by:
Governor Kathleen Babineaux Blanco

December 9, 2005

File No. 1-06-0002

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GOVERNOR

JERRY LUKE LEBLANC
COMMISSIONER OF ADMINISTRATION

December 9, 2005

Honorable Kathleen Babineaux Blanco
Governor of the State of Louisiana
P.O. Box 94004
Baton Rouge, LA 70804-9004

Re: Case No. 1-06-0002

Dear Governor Blanco:

This report addresses serious concerns raised during an audit of dental services contracts between Dr. Robert B. Phillips and various state agencies. The report includes four recommendations that, if implemented, could assist the respective agencies.

We provided drafts of the report to the Huey P. Long Medical Center, Pinecrest Developmental Center, and Division of Administration, Office of Contractual Review. Their written responses are included as Appendix B. In addition, we provided a draft to the Department of Corrections since our report referenced this agency. The department chose not to respond since the recommendations did not apply to them.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sharon B. Robinson".

Sharon B. Robinson, CPA
State Inspector General

SBR/DM

Enclosure

Executive Summary

Audit Initiation

The Office of State Inspector General received information raising questions regarding dental services contracts between various state agencies and Robert B. Phillips, DDS, MSD. On July 26, 2005, the Office of State Inspector General began a preliminary review of Dr. Phillips' contractual requirements under four separate contracts. The contracts were with the following four state entities:

1. Huey P. Long Medical Center (HPL) located in Pineville
2. Pinecrest Developmental Center (Pinecrest) located in Pineville
3. Louisiana State Penitentiary at Angola (Angola)
4. Avoyelles Correctional Center (Avoyelles) located in Cottonport

Our audit objective was to determine if Dr. Phillips fulfilled his contractual attendance requirements for each contract, and if any of the dates and times of services reported by Dr. Phillips overlapped among the four contracts.

Summary of Findings

- For the fiscal year ended June 30, 2005, HPL paid Dr. Phillips the maximum amount of his contract (\$178,000) although he only provided services 28% of his required time. As a result, Dr. Phillips was overpaid by approximately \$128,160 in FY 2005.
- Thirty-six percent (36%) of the audited work dates in timesheets submitted by Dr. Phillips to HPL conflicted with records from Angola and/or Avoyelles. Due to this high discrepancy rate, we believe the timesheets that Dr. Phillips submitted to HPL have little reliability. Thus, the credit hours added to Dr. Phillips' actual hours worked each month in FY 2005 were calculated using unreliable records.

Background

Dr. Robert B. Phillips is a licensed dentist who provides dental services to various state agencies. He has been licensed since 1957.

During the three year period of July 1, 2002 to June 30, 2005, Dr. Phillips was paid a total of \$1,010,371 between his four dental services contracts. For fiscal years 2003 and 2004, Dr. Phillips received the maximum amount allowed on three of his four contracts. Two of the four contracts require him to be on call seven days a week. Appendix A of this report provides a detailed summary of each of Dr. Phillips' four state contracts.

Scope and Methodology

The scope of the audit was limited to the four dental services contracts for fiscal years 2003 through 2005. The audit consisted of reviewing contract requirements, invoices, and timesheets as well as interviewing Dr. Phillips and pertinent employees of various state agencies. Timesheets and invoices submitted by Dr. Phillips to each agency were compared to determine if times overlapped and if contract attendance requirements were met.

Improper Payments

For the fiscal year ended June 30, 2005, HPL paid Dr. Phillips the maximum amount of his contract (\$178,000) although he only provided services 28% of his required time. As a result, Dr. Phillips was overpaid by approximately \$128,160 in FY 2005.

At a preliminary meeting with HPL management, we were informed that in August 2004, Dr. Phillips was injured in an automobile accident resulting in his inability to perform the services required by the contract for the fiscal year (FY) ended June 30, 2005. However, HPL management continued to pay Dr. Phillips the maximum monthly amount of his contract for the remainder of the fiscal year.

HPL's contract with Dr. Phillips required him to provide services to HPL on a daily basis for 1,866 hours per year. Section 9 of the contract (Brief Description of Services to be Provided) reads as follows:

“Dr. Phillips will be responsible for all dental services, including oral and maxillofacial surgery of the medical center. He agrees to render services daily, approximately 40 hours per week, Monday through Friday, and to be on call 7 days weekly. Oral surgery clinics will be scheduled Monday, Tuesday, and Friday, with Wednesdays and Thursdays being reserved for surgery, making rounds and patient follow-up”.

Section 14 of the contract (Terms of Payment) reads as follows:

“\$14,833.33 monthly, providing outlined work schedule is met, and that payment will be made accordingly upon receipt of verification of time worked (1,866 hours)”.

Information obtained and reviewed during the audit indicates Dr. Phillips fulfilled the contract time requirements during the first two years of this multi-year contract. However, due to injuries resulting from an automobile accident in August 2004, Dr. Phillips' timesheets indicate that from August 15, 2004, through September 19, 2004, he provided no services to HPL. Beginning September 20, 2004, he resumed providing services to the facility on a limited basis. The timesheets indicate Dr. Phillips' total hours for FY 2005 amounted to only 523 hours or 28% of the required amount (1,866 hours). Although Dr. Phillips only worked 28% of the required time, HPL paid him the total contract amount for the year (\$178,000).

The following table is a monthly schedule of hours Dr. Phillips reportedly worked during the final year of the contract:

Comparison of Actual Hours to Hours Required

| Month | Hours Reported | Average Hours Required | Difference |
|--------------------|----------------|------------------------|----------------|
| July-04 | 186 | 155.5 | 30.5 |
| Aug-04 | 75.5 | 155.5 | (80) |
| Sep-04 | 8 | 155.5 | (147.5) |
| Oct-04 | 28.5 | 155.5 | (127) |
| Nov-04 | 12 | 155.5 | (143.5) |
| Dec-04 | 9 | 155.5 | (146.5) |
| Jan-05 | 12 | 155.5 | (143.5) |
| Feb-05 | 19 | 155.5 | (136.5) |
| Mar-05 | 25 | 155.5 | (130.5) |
| Apr-05 | 22 | 155.5 | (133.5) |
| May-05 | 50 | 155.5 | (105.5) |
| Jun-05 | 76 | 155.5 | (79.5) |
| Total (net) | 523 | 1866 | (1,343) |

Source: HPL's summary of hours by month from Dr. Phillips' timesheets

According to HPL management, they calculated the number of hours Dr. Phillips worked under the contract period prior to the accident and gave him "credit" for hours reportedly worked over the required amount. A worksheet prepared by HPL indicates Dr. Phillips reportedly worked 1,247 hours over the required amount during the period from July 2002, through July 2004. Management then added these "credit hours" to Dr. Phillips' actual hours worked each month from August 2004, through June 2005, to justify paying him the full contract amount.

Dr. Phillips' contract does not require payment for excess hours worked and has no provision for accumulating "credit hours" worked above the minimum number required. In addition, if the contract contained a provision for allowing "credit hours", those hours Dr. Phillips reported on his time sheets have little reliability as noted in the subsequent finding entitled "Time Sheet Discrepancies". Furthermore, we found that the 1,247 "credit hours" do not fully cover the hours worked shortage of 1,373 from August 2004, through June 2005.

Ms. Nita Chambers, HPL Chief Financial Officer, informed us that Mr. James Morgan, HPL Administrator; Dr. David Barnard, HPL Medical Director; and herself made the decision to grant the "credit hours" to Dr. Phillips. By this decision, HPL supplemented Dr. Phillips' shortage of hours required to be worked during FY 2005 with previous "credit hours" as a means to justify paying him the full amount of the contract. We understand that no one within the LSU Health Sciences Center or the Office of Contractual Review was informed of this decision to obtain their review and approval.

Recommendation:

1. HPL management should immediately seek reimbursement of \$128,160 improperly paid to Dr. Phillips during FY 2005. In addition, future payments to contractors should be made in strict accordance with provisions of the contract.

Time Sheet Discrepancies

Thirty-six percent (36%) of the audited work dates in timesheets submitted by Dr. Phillips to HPL conflicted with records from Angola and/or Avoyelles. Due to this high discrepancy rate, we believe the timesheets that Dr. Phillips submitted to HPL have little reliability. Thus, the credit hours added to Dr. Phillips' actual hours worked each month in FY 2005 were calculated using unreliable records.

Dr. Phillips' contract with HPL stipulates he will be paid \$14,833.33 monthly, providing he meets the work schedule as outlined in the contract. As a means for HPL to verify time worked, Dr. Phillips submitted monthly timesheets showing the time of day he worked at the facility each day. Dr. Phillips initialed each daily time entry on the monthly timesheet and signed the document. Dr. Barnard, the assigned contract monitor, approved the document prior to payment being made.

We obtained records from Angola and Avoyelles to audit 332 (or 35%) of the 948 work dates entered in the HPL timesheets for the contract period. Of the 332 audited work dates on HPL timesheets, 121 (or 36%) conflicted with times that records indicate Dr. Phillips was in transit or actually providing services at Angola and/or Avoyelles. Dr. Phillips generally used a private airplane for traveling to Angola. We estimate minimum travel time to be at least one hour each way.

Dr. Phillips' contract with Pinecrest required him to complete a Payment Request form outlining services provided and times of arrival and departure. The form was to be submitted monthly. However, Dr. Phillips did not fill out and submit this form. As a result, we were unable to determine if additional time conflicts existed.

Following are five examples where we question Dr. Phillips' accuracy of times he reportedly worked for HPL:

- Dr. Phillips reported that on December 31, 2002, he worked at HPL from 8:00 a.m. to 10:00 a.m., from 2:00 p.m. to 4:00 p.m., and from 9:00 p.m. to 10:00 p.m. He was given credit for 5 hours worked at HPL for this date. However, electronic entry/exit records at Angola show Dr. Phillips was at the correctional medical facility from 8:18 a.m. to 10:25 a.m. on the same date, and travel each way is at least one hour. **We question an overlap of two hours reportedly worked at HPL from 8:00 a.m. to 10:00 a.m. on this date.**
- Dr. Phillips reported that on May 20, 2003, he worked at HPL from 8:30 a.m. to 11:30 a.m., from 4:00 p.m. to 6:00 p.m., and from 9:30 p.m. to 10:30 p.m. He was given credit for 6 hours worked at HPL for this date. However, electronic entry/exit records at Angola show Dr. Phillips was at the correctional medical facility from 7:32 a.m. to 11:02 a.m. on the same date, and travel each way is at least one hour. **We question an overlap**

of three hours reportedly worked at HPL from 8:30 a.m. to 11:30 a.m. on this date.

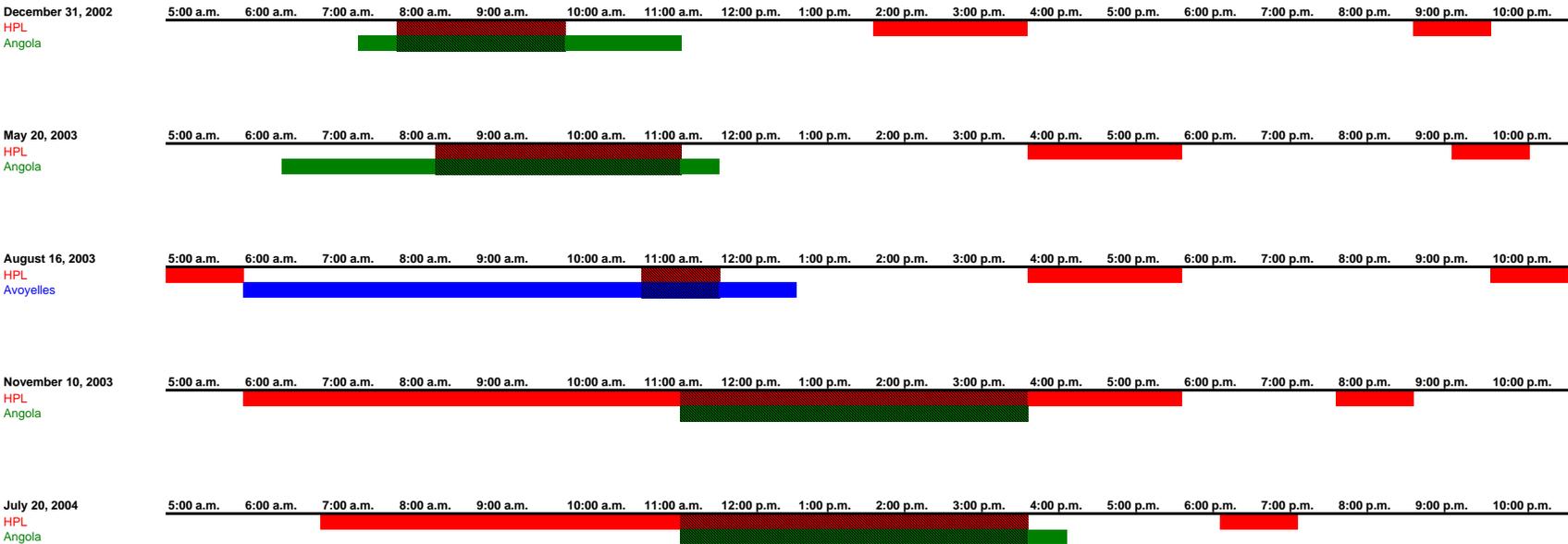
- Dr. Phillips reported that on August 16, 2003, he worked at HPL from 5:00 a.m. to 6:00 a.m., from 11:00 a.m. to 12:00 p.m., 4:00 p.m. to 6:00 p.m., and from 10:00 p.m. to 11:00 p.m. He was given credit for 5 hours worked at HPL for this date. However, entry/exit records at Avoyelles show Dr. Phillips was at the correctional facility from 7:52 a.m. to 12:00 p.m. on the same date, and travel each way is at least one hour. **We question an overlap of one hour reportedly worked at HPL from 11:00 a.m. to 12:00 p.m. on this date.**
- Dr. Phillips reported that on November 10, 2003, he worked at HPL from 6:00 a.m. to 6:00 p.m. and from 8:00 p.m. to 9:00 p.m. He was given credit for 13 hours worked at HPL for this date. However, electronic entry/exit records at Angola show Dr. Phillips was at the correctional medical facility from 12:38 p.m. to 2:56 p.m. on the same date, and travel each way is at least one hour. **We question an overlap of at least four and one-half hours reportedly worked at HPL from 11:30 a.m. to 4:00 p.m. on this date.**
- Dr. Phillips reported that on July 20, 2004, he worked at HPL from 7:00 a.m. to 4:00 p.m. and from 6:30 p.m. to 7:30 p.m. He was given credit for 10 hours worked at HPL for this date. However, electronic entry/exit records at Angola show Dr. Phillips was at the correctional medical facility from 12:41 p.m. to 3:27 p.m. on the same date, and travel each way is at least one hour. **We question an overlap of at least four and one-half hours reportedly worked at HPL from 11:30 a.m. to 4:00 p.m. on this date.**

The five examples mentioned previously are graphically depicted on a timeline on the following page.

According to Dr. Phillips, discrepancies in the HPL timesheets could be due to his errors when noting the times worked or when his wife entered the times worked onto the timesheets. He stated the errors were not intentional.

According to Dr. Barnard, Dr. Phillips performed much of his work at the HPL Outpatient Center at England Airpark. Dr. Barnard stated he was unable to verify every entry on Dr. Phillips' timesheets because he (Dr. Barnard) was stationed at the medical center facility.

Summary of Dr. Robert B. Phillips' Work Schedule For Five Days With Conflicts
For Fiscal Years 2003, 2004, and 2005



* Time includes an additional one hour each way for travel

Recommendations:

2. HPL management should evaluate its contract monitoring practices to ensure monitoring efforts give reasonable assurance that contractors are providing services in accordance with contract requirements. Specifically, in the case of Dr. Phillips it is imperative, as part of his fiduciary responsibility, Dr. Barnard or his designee should periodically verify work times reported by Dr. Phillips for accuracy and reliability.
3. Pinecrest management should require Dr. Phillips to complete the Payment Request form outlining services provided and times of arrival and departure as required by his contract.
4. The Office of Contractual Review should review all of Dr. Phillips' state contracts for appropriateness and to check for any other conflicts.

APPENDIX A

**Summary of Dr. Phillips'
Four State Dental Services Contracts**

Appendix A

Summary of Dr. Robert B. Phillips' Four State Contracts Providing Dental Services For Fiscal Years 2003, 2004, and 2005

| Agency | Services to be Provided | Terms and Conditions | Contract Amounts and Payments | | |
|---|---|--|-------------------------------|--------------------|--------------------|
| | | | Fiscal Year | Amount | Payments |
| Huey P. Long Medical Center (Pineville) | <ul style="list-style-type: none"> All dental services, including oral and maxillofacial surgery | <ul style="list-style-type: none"> \$14,833.33 paid monthly Payment will be made upon receipt of verification of time worked Required to work approximately 40 hours per week, Monday through Friday, and be on call 7 days a week (minimum of 1,866 hours per year) | 2003 | \$178,000 | \$178,000 |
| | | | 2004 | \$178,000 | \$178,000 |
| | | | 2005 | \$178,000 | \$178,000 |
| Pinecrest Developmental Center (Pineville) | <ul style="list-style-type: none"> All major oral and maxillofacial surgery Make on-site visits to provide consultation and expertise in the area of dental/oral surgery provided through the PDC dental clinic Advise and assist the current dental staff | <ul style="list-style-type: none"> \$7,000 paid monthly Payment will be made upon receipt of an approved invoice/data sheet Required to be on 24-hour call 7 days a week | 2003 | \$84,000 | \$84,000 |
| | | | 2004 | \$84,000 | \$84,000 |
| | | | 2005 | \$84,000 | \$84,000 |
| Louisiana State Penitentiary (Angola) | <ul style="list-style-type: none"> Provide on-site professional oral surgery services to the inmates of Angola | <ul style="list-style-type: none"> Fixed rate of \$700 per day Contractor will bill department monthly Required to work a minimum of 12 days and a maximum of 16 days per month | 2003 | \$100,800 | \$100,800 |
| | | | 2004 | \$100,800 | \$100,800 |
| | | | 2005 | \$100,800 | \$9,100 |
| Avoyelles Correctional Center (Cottonport) | <ul style="list-style-type: none"> Provide on-site professional oral surgical services to the inmates of Avoyelles | <ul style="list-style-type: none"> FY 2003 - \$84 per hour at an average of 5 hours per week FY 2004 - \$110 per hour at an average of 5 hours per week FY 2005 - \$110 per hour at an average of 5 hours three times a month Contractor will bill the department monthly only for actual hours worked | 2003 | \$21,840 | \$6,846 |
| | | | 2004 | \$28,600 | \$6,275 |
| | | | 2005 | \$19,800 | \$ 550 |
| Total All 3 Fiscal Years | | | | \$1,158,640 | \$1,010,371 |

APPENDIX B

Responses



Health Sciences Center

HEALTH CARE SERVICES DIVISION

Huey P. Long Medical Center

Dr. Walter O. Moss Regional Medical Center
E. A. Conway Medical Center
Earl K. Long Medical Center
Huey P. Long Medical Center
Lallie Kemp Regional Medical Center
Leonard J. Chabert Medical Center
Medical Center of Louisiana at New Orleans
University Medical Center in Lafayette
Washington - St. Tammany Regional Medical Center

November 28, 2005

Sharon B. Robinson, CPA
State Inspector General
Office of State Inspector General
Post Office Box 94095
Baton Rouge, LA 70804-9095

RE: Dental Services Contracts

Dear Ms. Robinson:

We concur with your finding entitled "Improper Payments" and will make the recommended payment recovery. While we agree that the contract as written does not provide specific authority to compensate Dr. Phillips in the current year for services rendered above the contract specifications in a prior year, we do believe our intent to equitably recognize the value of those services was justifiable. Dr. Phillips first began seeing patients at HPLMC in the late 50's. He has worked under contract with us serving our patients since the early 70's. For the past seven years, his compensation level has remained unchanged. While he has requested cost of living adjustments and been denied due to budgetary constraints, he has continued to provide a higher level of service than required by his contractual terms. His dedicated and loyal service of more than 30 years motivated us to work with him to fairly compensate him for all service rendered throughout the term of the contract under review.

Based on your audit of timesheets and records from Angola and/or Avoyelles, we concur with your finding entitled "Time Sheet Discrepancies" stating "credit hours...were calculated using unreliable records." In accordance with your findings, we agree to all recommendations as presented to HPLMC management. As a corrective action plan we will initiate efforts to collect the \$128,160 identified by your office as overpaid over the remaining term of the current contract. Additionally we will initiate a contract amendment to more clearly define:

1. Required performance standard
2. Methodology for payment (i.e. per day compensation with fixed amount for 24/7 call)
3. Structured performance review/monitoring

If you have any questions, please contact me at (318) 473-6200.

Sincerely,

James E. Morgan
Hospital Administrator

Cc: Bob Plaisance
Bill Boston
Dr. Bruce Phillips



Kathleen Babineaux Blanco
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Frederick P. Cerise, M.D. M.P.H.
SECRETARY

December 2, 2005

Mr. David W. Morales
State Auditor
Office of Inspector General
224 Florida Blvd.
Post Office Box 94095
Baton rouge, LA 70804-9095

Dear Mr. Morales:

The Pinecrest Developmental Center concurs with the findings entitled "Time Sheet Discrepancies" and recommendation. A Corrective Action Plan has been adopted, and contains, but not limited to:

- Enforce Time Sheet System – Sign In/Out
- Include Patient list with the invoice for monthly payment
- Will compare the invoice submitted with the Clinic Schedule for the month

This Corrective Action Plan has been enforced as of December 1, 2005, and the contact monitor will be the Director of Medical Services, Yasser Nakhlawi, M.D. at 318-641-2251.

Please contact me if I can be of further service.

Sincerely,

Sherri Evans
MR/DD Regional Administrator

SE/jl

"We Support Quality of Life for all People"



Kathleen Babineaux Blanco
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF CONTRACTUAL REVIEW

Jerry Luke LeBlanc
COMMISSIONER OF ADMINISTRATION

November 18, 2005

Ms. Sharon B. Robinson, CPA
State Inspector General
Office of State Inspector General
P. O. Box 94095
Baton Rouge, LA 70804-9095

Re: IG Audit Report on Dr. Robert B. Phillips

Dear Ms. Robinson:

I have read the above report and concur with the recommendations contained in the report.

I am not aware of any other contracts with similar problems. However, the Office of Contractual Review will search our contract database for other vendors who contract with multiple agencies and provide a report to you of those situations for review.

If I can assist you in this or any other matters, please let me know.

Sincerely,

Susan H. Smith
Director
Office of Contract Review

SHS/ce

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A copy of this report has been made available for public inspection at the Office of State Inspector General and is posted on the Office of State Inspector General's Web site at www.doa.louisiana.gov/oig/inspector.htm. Reference should be made to Case No. 1-06-0002. If you need any assistance relative to this report, please contact Bruce J. Janet, CPA, State Audit Director at 225/342-4262.