



WISCONSIN LEGISLATIVE AUDIT BUREAU
LETTER OF TRANSMITTAL

June 15, 2000

Senator Gary R. George and
Representative Carol Kelso, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, WI 53702

Dear Senator George and Representative Kelso:

As required by s. 13.94(1)(dg), Wis. Stats., we have completed a limited-scope fiscal and compliance review of the fiscal year (FY) 1998-99 dental clinics grant provided by the Department of Health and Family Services (DHFS) to the Marquette University School of Dentistry. Under this grant, Marquette University received state funding of \$2.8 million in FY 1998-99 to provide dental services to low-income individuals at clinics in the City of Milwaukee, Waushara County, Monroe County, and correctional centers in Milwaukee County.

Overall, we found Marquette University has developed and implemented adequate procedures to help ensure compliance with statutory and grant requirements. In addition, we found the state funds were expended for services normally considered a part of comprehensive general dental treatments.

However, the Marquette Dental School clinics have operated with an annual deficit since 1990. To avoid a reduction in dental services at the clinics, the Legislature increased annual state funding from \$2.3 million in FY 1996-97 to \$2.8 million in FY 1997-98. With this additional funding, the clinics reported a FY 1997-98 deficit of \$639,800 but, due to increasing costs, the deficit increased to over \$1.9 million in FY 1998-99.

The clinics' future financial condition may be affected by three factors: the continuation of a federally-approved Medicare Waiver program; the construction of a new Marquette Dental School facility; and the opening of an additional clinic. While dental services are generally not allowable under the Medicare program, the Medicare Waiver program allows Marquette Dental School clinics to be reimbursed for services provided to Medicare recipients. Marquette University staff noted, however, that FY 1998-99 Medicare Waiver program costs exceeded revenues by over \$525,800. In addition, in September 1999, the Marquette Dental School announced its plans to build a new facility. Although the State's 1999-2001 biennial budget included \$15 million in state funding for this project, a new facility may result in additional debt service costs or higher operating costs. Finally, in FY 1999-2000, the Marquette Dental School opened a clinic on the Oneida Indian Reservation. With three of the four clinics reporting deficits in FY 1998-99, costs associated with an additional clinic may further contribute to the overall deficit.

We appreciate the courtesy and cooperation extended to us by the Marquette University staff during our review.

Respectfully submitted,

Janice Mueller
State Auditor

JM/JG/ao

cc: Senator Judith Robson Representative Stephen Nass
 Senator Brian Burke Representative John Gard
 Senator Peggy Rosenzweig Representative Bob Ziegelbauer
 Senator Mary Lazich Representative David Cullen

Mr. Joseph Leean, Secretary
Department of Health and Family Services

Mr. Mike Lederer, Comptroller Marquette University
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Ms. Rana Altenberg, Vice-President for Governmental and Community Relations
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