

A Statutory Review of

# Family Practice Clerkship



**Office of the State Auditor**  
**Lawrence F. Alwin, CPA**

January 1995

Report No. 95-042



## OFFICE OF THE STATE AUDITOR

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January 18, 1995

### Members of the Legislative Audit Committee:

The eight Texas medical schools are in compliance with the Family Practice Clerkship funding provisions of the General Appropriations Act (Senate Bill 5, Article III, Section 36, 73rd Legislature).

These institutions are graduating additional physicians who have selected family practice as their residency choice. Since 1991, that percentage has increased from 13 percent to 19 percent. In addition, the number of graduates choosing Texas as the location of their residency is also increasing.

Each of the schools has expended the funds required by the Act for fiscal year 1994. Additionally, family medicine departments have implemented systems to ensure that funds available for the clerkship do not reduce funds available to other areas of family medicine departments. Further, each school has established a curriculum and administers an exam to each student in the clerkship.

The administration at each of these institutions concurs with the results of our review. We have included a response from the Family Practice Advisory Committee of the Texas Higher Education Coordinating Board within the body of the report.

We appreciate the cooperation and assistance of each institution's administration in conducting our review.

Sincerely,

A handwritten signature in cursive script that reads "Lawrence F. Alwin".

Lawrence F. Alwin, CPA  
State Auditor

LFA/rmn/enclosure

# Key Points Of Report

## A Statutory Review Of Family Practice Clerkship

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January 1995

### Key Facts and Findings

- The eight Texas medical schools are in compliance with the Family Practice Clerkship funding provisions of the General Appropriations Act (Senate Bill 5, Article III, Section 36, 73rd Legislature).
- The overall percentage of graduating physicians in Texas selecting Family Practice as a residency choice has increased from 13 percent to 19 percent since 1991.
- For 1994, all eight medical schools had expenditures for the Family Practice clerkship exceeding the amounts defined by the Legislature.
- Family medicine department budgets at seven medical schools have increased since the implementation of the required clerkship in 1992.
- All eight medical schools have an established curriculum and require that an exam be administered for the clerkship.

### Contact:

Catherine A. Smock, CPA, (512) 479-4775

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*This compliance review of Family Practice Clerkship funding provisions was conducted in accordance with Senate Bill 5, Article III, Section 36 of the General Appropriations Act, 73rd Legislature, and Section 37 of the General Appropriations Act, 72nd Legislature.*

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The eight Texas medical schools are in compliance with the Family Practice Clerkship funding provisions of the General Appropriations Act (Senate Bill 5, Article III, Section 36, 73rd Legislature).

Section 1:

### **The Eight Texas Medical Schools Are Graduating Additional Physician Who Have Selected Family Practice As Their Residency Choice**

The overall percentage of graduating physicians in Texas selecting Family Practice as a residency choice has increased since 1991 from 13 percent to 19 percent. With the inception of a required family practice clerkship in fiscal year 1992 (see Appendix 3 for the legislation), the eight Texas medical schools have taken steps toward the State's goal of providing family practice physicians to unserved and underserved areas of the State. The Texas Legislature stated in 1992 that "at least 25 percent of the first year residency positions [in Texas] be devoted to family medicine" [V.T.C.A., Education Code, Section 51.918(d)(1)]. Thus, the current percentages are a measure of whether the schools are making progress in achieving this benchmark. Between 1992 and 1994, seven of the eight schools showed an increase in their number of family practice graduates.

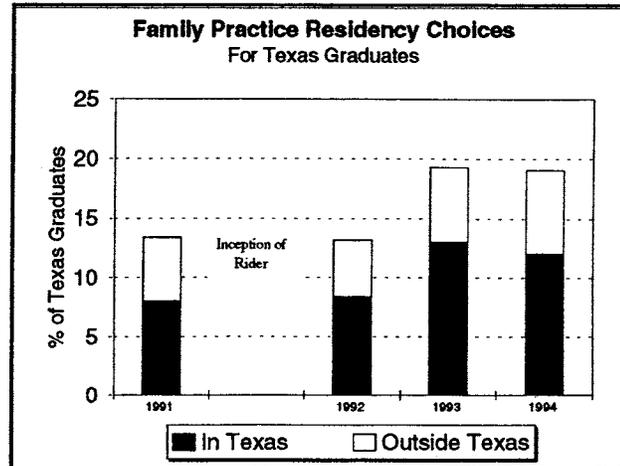
The number of physicians choosing a family practice residency in Texas has also increased overall from 93 (8 percent of graduates) to 140 (12 percent of graduates) during the same period. The location graduates choose for their residency is strongly correlated to the location where they ultimately practice, according to the Texas Academy of Family Physicians. Therefore, the number of medical

graduates choosing a Texas residency is a key factor in Texas achieving its goal.

Some incentives are currently in place to encourage students to make Texas their residency choice in family medicine. However, it is unclear whether sufficient residency sites exist in Texas to accommodate all medical graduates who might wish to enter a family practice residency in the State.

In 1994, the range of class graduates choosing family practice residencies in Texas varied from 3 percent to 34 percent among the eight medical schools. There are several reasons for this significant variation. Each institution has a unique mix of program emphases as addressed in the mission of the school. As noted by the Family Practice Advisory Committee of the Texas Higher Education Coordinating Board, this can influence the number of graduates selecting family practice as a specialty.

Though the numbers of graduating family practice physicians in Texas is generally increasing, it should not be concluded that the clerkship is the only factor impacting this increase. A number of other factors should be considered. Most notably, the trend toward managed health care is beginning to create an economic demand for family practice physicians. Additionally, the number of graduates ultimately selecting family practice as their specialty can be influenced by the composition of school admissions committees and their recruiting policies.



Section 2:

**Expenditures For The Clerkship At Each School Are Sufficient To Meet The Minimum Levels Required By The Legislature**

For 1994, all eight medical schools had expenditures for the family practice clerkship exceeding the amounts defined by the Legislature. The expenditures in 1994 ranged from approximately \$29,000 per student to \$2,000 per student. Total expenditures per student in 1993 ranged from approximately \$16,000 to \$1,200 per student. The range in expenditures can be attributed to the nature of institutional focus, per capita administrative costs of operating the program, and the varying size of the schools' enrollment.

The statute has no requirement as to how the clerkship funds are to be spent. However, schools generally expended or allocated funds for faculty salaries and benefits, travel and housing for clerkship students at practice sites, computer equipment and software, and administrative support. In testing for the reasonableness of expenditures, no exceptions were noted. Because there were no issues regarding the reasonableness of expenditures

for 1994, no testing was performed on expenditure data for 1993.

For 1993, three schools spent from appropriated funds at least the amount directed by the Legislature for the clerkship. Of the five schools that did not, four of those schools met the targeted requirement by expending funds from other non-appropriated sources such as grant funds and institutional funds.

The Family Practice Clerkship rider was changed between the 1992-1993 and 1994-1995 biennia allowing the schools more flexibility in funding clerkship expenditures. The budgeting process at any medical school consists of optimizing the mix of state appropriations, discretionary funds, federal grants, and practice plan revenues.

In fiscal years 1992 and 1993, the statute required that expenditures come only from state-appropriated funds. The statute was changed the following biennium to allow expenditures from any combination of appropriated funds, restricted grant funds, or institutional funds for fiscal years 1994 and 1995.

Volunteers from throughout the medical community currently provide in-kind support at five of the eight medical schools. Most prominently, physicians from local communities serve as preceptors for the students in the clerkship to provide an array of clinical and patient interaction experiences.

Section 3:

### **Each School Has Implemented Systems To Ensure That Funds Allocated For The Clerkship Do Not Reduce Funds Available For Other Activities In The Family Medicine Department**

Family medicine department budgets at seven medical schools have increased since the implementation of the required clerkship in 1992. The Legislature, in creating the statute, wished to ensure that although additional funds were not appropriated to the schools for the clerkship, the schools would not reduce their family medicine budget in other programs to fund the clerkship. The allocation to the clerkship was to be an additional enhancement to family medicine department budgets.

Accounting systems have been developed to track the source of clerkship funds and the associated expenses. During a review of the Family Practice clerkship conducted by the State Auditor's Office for fiscal year 1992, it was recommended that ". . . the source of funding and the procedure for allocation [should be] clearly specified" (*Family Practice Clerkship Review*, SAO Report No. 3-039, page 1). Four of the eight medical schools conducted internal reviews of the clerkship in fiscal year 1993 to determine if the internal controls (policies and procedures

addressing risks) over the clerkship were adequate. Based on the results of those reviews, recommendations were made to improve the systems which track expenditures for the clerkship. Strong emphasis was placed on improving the allocation system for tracking faculty salaries.

Where clerkship expenses are not tracked directly, a reasonable allocation system exists for the accumulation of data in support of expenses. Since 1993, all eight medical schools have developed appropriate tracking systems for the allocation of faculty salaries. For the family practice clerkship, faculty salaries clearly represent the highest percentage of expense within each budget. On average, faculty salaries have accounted for 48 percent to 70 percent of clerkship expenditures annually. Although there is currently no uniform format for this allocation process, a review of each school's allocation methodology showed a reasonable and materially accurate approach.

Seven of the eight medical schools integrate the accounting for family practice clerkship with the family medicine department's general ledger system. Although not a specific requirement of the statute, these schools now track clerkship expenditures through their overall accounting process. This enhances the overall monitoring and control of the expenditures and increases accountability.

Section 4:

### **There Is A Curriculum Established And A Required Examination Administered For The Clerkship At Each Medical School**

As required for 1994, all schools have an established curriculum for the clerkship in the

## Issues

third year of medical school training varying in length from 4 to 16 weeks. Each school has formalized its curriculum format although there are no requirements in the statute for uniform course content.

Also, all schools require the administration of an examination for all students participating in the clerkship. The purpose of including the examination requirement was to ensure the differentiation between the clerkship and previous voluntary, non-compulsory preceptorships.

## Appendices

Appendix 1:

### **Objective, Scope, And Methodology**

The objective of this audit was to review compliance by the eight Texas medical schools with Section 37 (fiscal year 1993) and Section 36 (fiscal year 1994) with regard to the establishment and implementation of a family practice clerkship in the third year of medical school training.

To determine compliance by each institution, we reviewed and examined:

- each institutions' response to our survey regarding their activities in support of the clerkship
- general ledger and allocation detail for clerkship expenses
- source documents associated with expenditures, funding, curriculum, and examinations

We analyzed funding and expenditure data to identify areas of compliance and trends.

We compared data provided by the schools regarding graduating physicians with data supplied by the Board of Medical Examiners to the Texas Higher Education Coordinating Board.

The audit was conducted in accordance with generally accepted government auditing standards and in conjunction with the Texas Higher Education Coordinating Board.

This review was completed by the following members of the State Auditor's staff:

- Kathleen M. George (Project Manager)
- Greg D. Lee, CPA (Team Member)
- Catherine A. Smock, CPA (Audit Manager)
- Craig D. Kinton, CPA (Audit Director)

## Appendices

Appendix 2:



## TEXAS HIGHER EDUCATION COORDINATING BOARD

P.O. Box 12788 • Austin, Texas 78711

### HEALTH AFFAIRS DIVISION

Family Practice Residency Program  
Stacey B. Silverman, Associate Program Director  
512-483-6206 • FAX 512-483-6264

January 4, 1995

Katie George  
Project Manager  
Office of the State Auditor  
Two Commodore Plaza  
206 East Ninth Street, Suite 1900  
Austin, TX 78701

Dear Ms. George,

I am supportive of the Family Practice Clerkship Review draft summary. I realize this is being reviewed and commented on by medical school deans and some generalist physicians.

I am impressed with the recent increase of graduates from Texas medical schools entering Family Practice. I realize that positive changes in national "Health Care Reform" for generalist physicians may contribute to this increase but I suggest that implementation of Article III, Rider 37 of the General Appropriations Act, 72nd Legislature mandating third year clerkships is a major determinant. The enclosed article from the Journal of the American Medical Association (September 7, 1994) entitled "Medical School and Student Characteristics that Influence a Generalist Career" clearly supports this contention.

I am also sad to admit that the number of retiring general and family practitioners in Texas may surpass our current graduates from Texas Family Practice residency programs to replace them. This further supports the wisdom of the Texas Legislature and the Texas Higher Education Coordinating Board to monitor and nurture methods such as the third year clerkships in family practice that might reverse this awesome trend.

Best Personal Regards,

A handwritten signature in cursive script that reads "S. Coleridge".

Samuel T. Coleridge, D.O., FACEP, FACOEP  
Chairman, Family Practice Advisory Committee

Enclosure

Located at 7745 Chevy Chase Drive, Building V, Austin, Texas

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# Appendices

## Appendix 3: Text From the General Appropriations Act, 73rd Legislature

Sec. 36. **Family Practice Clerkship Funding.** Each medical school or college shall expend the following amounts for the purpose of providing a clerkship in family practice during the third core clinical year pursuant to V.T.C.A., Education Code Section 51.918 (d)(1) as renumbered by Senate Bill No. 232, Acts of the Seventy-second Legislature, Regular Session, 1991. Funding for these clerkships may include appropriated funds, institutional funds or restricted grant funds. These amounts may not be used to supplant allocations made for other purposes to family practice departments and affiliated family practice residency programs. The required third year family practice clerkship must have a set curriculum and the student must take an exam during the clerkship. The compliance of each medical school or college with the provisions of this rider shall be reviewed annually by the state auditor in conjunction with the Family Practice Advisory Committee of the Texas Higher Education Coordinating Board. The state auditor shall report the findings of the review to the Legislature.

	FY 1994	FY 1995
The University of Texas Southwestern Medical Center at Dallas School of Medicine	\$764,000	\$764,000
The University of Texas Medical Branch at Galveston School of Medicine	563,624	563,624
The University of Texas Health Science Center at Houston School of Medicine	705,584	705,584
The University of Texas Health Science Center at San Antonio School Medicine	680,360	680,360
Texas A&M University College of Medicine	192,400	192,400
Texas College of Osteopathic Medicine	337,620	337,620
Texas Tech University Health Sciences Center School of Medicine	286,302	286,302
Baylor College of Medicine	133,000	133,000

## Appendices

### Text From the General Appropriations Act, 72nd Legislature

Sec. 37. FAMILY PRACTICE CLERKSHIP FUNDING. Out of the funds appropriated by this article to each medical school or college, the following amounts are to be used for the purpose of providing a clerkship in family practice during the third core clinical year pursuant to V.T.C.A., Education Code Section 51.918 (d)(1) as renumbered by Senate Bill No. 232, Acts of the 72nd Legislature, Regular Session, 1991. These amounts may not be used to supplant allocations made for other purposes to family practice departments and affiliated family practice residency programs. The compliance of each medical school or college with the provisions of this rider shall be reviewed annually by the state auditor in conjunction with the Family Practice Advisory Committee of the Texas Higher Education Coordinating Board. The state auditor shall report the findings of the review to the Legislature.

	FY 1992	FY 1993
The University of Texas Southwestern Medical Center at Dallas School of Medicine	\$752,006	\$764,000
The University of Texas Medical Branch at Galveston School of Medicine	563,624	563,624
The University of Texas Health Science Center at Houston School of Medicine	705,584	705,584
The University of Texas Health Science Center at San Antonio School of Medicine	677,007	680,360
Texas A&M University College of Medicine	183,237	192,400
Texas College of Osteopathic Medicine	337,620	337,620
Texas Tech University Health Sciences Center School of Medicine	286,302	286,302
Baylor College of Medicine	485,000	485,000

Copies of this report have been distributed to the following:

## **Legislative Audit Committee**

Honorable James E. "Pete" Laney, Speaker of the House, Chair  
Honorable Bob Bullock, Lieutenant Governor, Vice Chair  
Senator John Montford, Chair, Senate Finance Committee  
Senator Kenneth Armbrister, Chair, Senate State Affairs Committee  
Representative Robert Junell, Chair, House Appropriations Committee  
Representative Tom Craddick, Chair, House Ways and Means Committee

## **Governor of Texas**

Honorable George W. Bush

## **Legislative Budget Board**

## **Sunset Advisory Commission**

**Governing Board Chair, Chancellor,  
Health Science Center President, Medical  
School Dean, and Family Medicine  
Department Chair of Each Institution  
Included in This Report**

## **Texas Higher Education Coordinating Board**

Dr. Kenneth H. Ashworth, Commissioner of Higher Education

## **Family Practice Advisory Committee**

Dr. Samuel T. Coleridge, Chair