

Checklist
Patient Chart Audit
Purchasing a Dental Practice

There are a number of steps you must take to validate the legitimacy of the Practice patient records that you are purchasing. The way that this is done is through a thorough chart audit. In a chart audit, you examine the charts one by one and look for certain information. You may examine every chart, or predetermine a limited percentage. See those steps below.

1. How many active patients are in the Practice?

NLG Comment: Often the selling doctor gives an estimate of the patient base. You should demand an accurate count of this vital Practice statistic. Active patients are defined as any patient that has been seen in the Practice in the preceding 18 months. The numbers can fluctuate widely, even in Practices with very similar gross production. Look for recall patients, versus semi-active patients, and inactive patients.

- a. Number of recall patients that have been seen in the Practice in the past 12 months and have a pattern of coming to the Practice at least annually.
- b. Number of semi-active patients who have been in the Practice in the past two years but are not recall.
- c. Number of inactive patients that have not been in the Practice in the past two years.

NLG Comment: Patients who have not visited the Practice in over 18 months are still potential patients who can be reactivated or return to the Practice. But, patients who have not visited in three years or more are likely "lost" patients who have decided to go elsewhere. You should, therefore, count the number of patients who visited the Practice within the second and third years, since they may still be viable.

2. Are the charts user friendly and legible?
- a. How are the charts stored?
- b. Are they color-coded for ease of filing?

- c. Can you easily locate misfiled charts?
- d. Do the charts contain complete information and can you read the treatment notes?
- 3. Are the diagnostics complete?
 - a. Is the medical history updated at each exam?
 - b. Does the hygienist record pocket depths in a yearly periodontal record?
 - c. Does every patient have a current full-mouth series of X-rays?
- 4. Are the treatment plans and financial records written in the chart?

NLG Comment: Treatment plans should be written in the charts; however, it is best to keep financial records separate. Complete, well-written treatment plans allow you to easily maintain continuity with the patient's treatment.

- 5. Is the average appointment for single or multiple restorations?
 - a. What is the frequency of the various types of restorations?
 - b. One of the greatest boosts to Practice net income results from transitioning a Practice from single-tooth dentistry to quadrant dentistry.
 - c. Get a feel for the types of procedures that are being performed in the Practice and decide if that fits with your vision.
 - d. On a random basis, cross-reference billing records with chart notes.
- 6. Proximity of the patients to the Practice—local or remote.

NLG Comment: Analyze the zip codes of patients for trends and opportunities. When dentists have practiced in the same location for 20 to 30 years, the children of original patients often drive considerable distances to bring themselves and their children. If a substantial percentage of patients are beyond a typical driving distance, this may

indicate that their allegiance was to the former owner based on a history of care and relationship. Once that seller retires, they may decide to find a dentist closer to home. Factor in this possibility when looking at the numbers, and consider ways to offset this potential loss.

7. Quality of the dentistry being done by the Dentist.

NLG Comment: If there is going to be rework or remakes required, we will want to know this. **“Rework”** means any follow-up treatment necessary whereby the original treatment occurred within a one year period due to material or work defect, other than normal wear and tear, or patient misconduct. **“Remake”** means any restoration of any kind that has been altered, redone, or remade prior to being permanently seated, and for any reason, including marginal discrepancy, inability to seat the restoration, open contacts, excessive occlusal adjustment, or poor color match.

8. Fee Schedule and consistency compared with buying doctor's current Practice, or intended fee schedule of new doctor.
9. Percentage of insured patients in the Practice.
10. Percentage of welfare patients in the Practice.
11. Ethnicity of the client base.
12. The type of procedures performed in the Practice—amalgam vs composite.
13. The extent of perio, endo, ortho, and oral surgery compared to your abilities.
14. What procedures are being sent out that you would like to perform and what procedures are being kept in the Practice that you cannot currently perform.
15. The extent of the different age groups, children and adult, if there is a difference.

NLG Comment: Age distribution of patients. An older patient base usually requires more complex restorative and prosthodontics services, whereas a family oriented Practice with a younger age distribution will require a broad range of clinical services.

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- 16. Any other factors unique to your Practice or the Selling doctor's Practice.
- 17. Compare the monthly production and collection information you were given against the Practice accounts receivable tracking to validate the data.
- 18. Make sure all monthly figures are accounted for and that any production or collection adjustments were properly accounted for so that the information you are using accurately reflects the real figures for the Practice.
- 19. Familiarize yourself with the Practice's billing/collection policies and scheduling procedures for patients.
- 20. Is there free or significantly discounted dentistry being performed by the selling doctor?