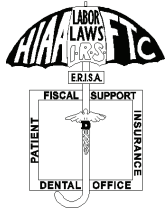


DENTAL INSURANCE TODAY



The newsletter discussing the reimbursement of dental benefits and its relationship to the doctor, patient, payer, and plan purchaser

The principal aim of this publication is to assist the dental profession in understanding patients' health-care benefits



Tom Limoli, Jr.

Publisher/Editor

Watch the Henhouse Carefully – There May Be Chickens Inside

All too often I find myself coming to the aid and service of a dentist or group practice that has been unknowingly victimized by an individual or group or fellow coworker. In my many years of personal experience, patients should not be overlooked either. Dental offices are quite easily targeted by unscrupulous perpetrators posing as patients seeking dental care. Collusion between employees and patients should not be overlooked as a potential source of problems. All too often I find as the norm that multiple employees as well as patient families are involved in the scheme.

I'm not talking about stolen pens and paperclips. Nor am I addressing pilfered lunch money from the office candy jar or the missing \$20 bill from the hygienist's pocketbook left in the break room. What I'm talking about here is embezzlement – the fraudulent appropriation of funds and/or property entrusted to one's care but actually owned by someone else. By definition, the painful part of this ever growing crime is the fact that it is perpetrated by an individual in a position of trusted responsibility.

As concerns the theft itself, I have personally assisted in the investigation as well as prosecution and returned restitution sentencing for both monetary as well as non-cash properties. Intellectual property, patient records, dental services and identity theft are the more common non-cash "fruits of the crime." Petty cash ledgers, credit card and third-party lender processings, insurance claims and EOB's, walk out statements and your very own automated practice management system and daily mail are all too often the overlooked "smoking guns."

Knowing quite well that care should be taken so as to not create a training manual for the unscrupulous, I will limit my discussions here to the issues surrounding your patient's insurance benefits and how to prevent the misappropriations of funds. My two target audiences for this specific article are the doctor/owner and the executive business manager supervising the financial as well as treatment coordinators.

According to my friends at the National Health Care Anti-Fraud Association (NHCAA.org), "Health care fraud is the number one type of fraud committed each year, with \$50 to \$100 billion in fraudulent claims alone." And, the insurance company and plan purchaser are not the only victims. All too often the owner / doctor are the unknowing parties in the crime.

Protect Yourself – No One Else Will

Start the process by locking the henhouse door. In short, your practice management system must be locked down to prevent unauthorized access to editing capabilities. Under no condition should anyone other than the owner(s) / dentist(s) be allowed access to edit a patient or patient family financial or treatment ledger. Demographic information such as name, address, employer, responsibility party, benefit plan specifics is not a major problem, provided the patient is an actual patient of record that has received treatment in your office.

As the owner / doctor of your individual practice you should "personally" contact the tech support division of your software company and immediately implement the necessary security measures to lock down your software. A review of past edits and changes posted to patient ledgers could be quite enlightening to you and your accountant.

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Limoli and Associates
Atlanta Dental Consultants, Inc.
PO Box 420947
Atlanta, GA 30342-0947

Phone: (800) 344-2633
FAX: (404) 843-1564
www.limoli.com

Tom M. Limoli, DDS
Founder
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If you find this report has been or is routinely deleted – you have the early signs of a confirmed case involving a potential rat in the woodwork. NEVER should an edit log or transaction history log ever be deleted. These reports should have an initial date of transaction beginning on the day the software was originally installed in your office.

Password protected administrative access is about the only real viable solution to today's ever-growing theft problem. Each employee's unique level of access must be adequately controlled. Many practices have initiated an immediate "dismissal from employment" policy if passwords are shared, compromised or disclosed.

Clinical team members need only access to clinical data entry so that business team members cannot change procedural as well as coding specifics. Business team members need only access to administrative data entry so that clinical team members cannot change billing or accounting specifics. With the right systems in place everyone should be able to see as well as access the office schedule – editing the schedule (not the pre-defined templates) is another issue all together.

A business team member should not be able to change a clinical team member's entry of D4910 to D1110 so as to simply reduce a patient's out-of-pocket expense. Or worse, add a D2950 to the crown simply to increase the office production for the financial period. Conversely, clinical team members should not be able to change previously entered treatment dates so as to not max out a patient's plan of benefit.

You see, the sword cuts both ways as the stepping stones of embezzlement all too often must require multiple individuals allowing for a more preventive system of self run checks and balances. This is not unlike why it takes two keys to open your safe deposit box at the bank.

For some great unknown reason our elected officials within the DC Beltway fail to understand the concept of locking the henhouse door. Close the door, secure the perimeter, and get the fox out of the henhouse. This will keep the fox away. Chase the fox away with the door still open and the fox will simply return to steal more hens.

To control the influx of illegal as well as dangerous human and nonhuman contraband one must first secure the border. Close the border to unlawful ingress as well as egress and the lawful ports of entry can be safely as well as efficiently controlled. So is the case with your office practice management system.

Do the Right Thing at the Right Time

It is important to create as well as maintain a non-confrontational climate of accountability in your practice. Employees must know that you are using monitoring systems or audits to ensure the integrity of their work. Keep the focus on overall patient care as a ruse for now paying attention. If employees know that the business owner never monitors petty cash or accounts receivable, or that you don't compare invoices before signing the checks to pay them, you invite employees to take advantage of your lax business practices.

Monitoring systems are most effective when they are randomly conducted. Regularly scheduled audits do minimize theft, but they also give the embezzling employee the opportunity to balance out the accounts if he or she knows when the audit is going to take place.

Start Your Own Investigation

Pull the actual archived hard copy of some specific day sheets from last year (18 to 24 months ago) and compare them to the same dated reports you just now ran. Fifty to eighty should be just fine for a random sample. Now for the preliminary analysis - if they are not precisely the same – you have a problem that needs to be immediately addressed. All too often the perpetrator(s) will attempt to cover their tracks by going back into the software and modifying previously submitted or other pertinent specific data. And don't forget to do the same with your accounts payable and receivables software.

Other Critters in the Henhouse

Watch out for undisclosed kickbacks and referral bonuses from vendors such as dental supply houses, diagnostic laboratories, would-be consultants and so called medical cross-coding billing services. Anybody that wants or offers a percentage of what is collected from what you or someone else actually produces is nothing more than a wolf in sheep's clothing.

Keeping Honest People Honest

The perimeter of the henhouse is now secure. All incoming and outgoing systems are monitored, balanced and routinely cross checked for accuracy. Now what? Are all the roosters appropriately separated from the hens?

Here are some basic precautions to help:

Scrutinize banking as well as credit card statements and make sure individual purchases are authorized and accounted for. If a purchase is being made, is the product or service actually ending up in your office? And don't overlook the payee statements and invoices where personal items frequently are charged by trusting team members and paid for by you. Also, rethink all those automatic debts generated to your credit cards and bank accounts. Only time sensitive balance billed fixed amount utilities such as power, water, telephone, e-claims, tech support and employee insurance should have an auto draft. Variable expenses such as dental supplies should not.

Some of the classic signs of potential embezzlement:

Increases in:

- accounts receivables,
- patient adjustments,
- bad debt write-offs,
- patient refunds as well as
- insurance overpayment requests

Decreases in:

- actual collections of out-of-pocket patient payments
- third-party lender applications and approvals
- actual volume of credit card transactions
- electronic claims transaction with an increased volume of resubmitted paper claims

Fees/Codes - Each issue of *Dental Insurance Today* will provide data for a different section of the fee schedule.

CODE	DESCRIPTION	LOWER	LOW	MED	HIGH	HIGHER	NAT'L AVG	NAT'L RV
D6010	Surgical placement of implant body; endosteal implant	1189	1350	1870	2150	2300	1833.40	43.55
D6056	Prefabricated abutment-includes placement	250	257	400	500	550	425.44	10.11
D6057	Custom abutment-includes placement	300	473	662	583	680	567.24	13.47
D6058	Abutment supported porcelain/ceramic crown	760	818	959	1315	1490	1045.70	24.84
D6059	Abutment supported porcelain fused to metal crown (high noble metal)	715	773	904	1225	1400	979.70	23.27
D6060	Abutment supported porcelain fused to metal crown (predominantly base metal)	704	719	780	956	1300	875.40	20.79
D6061	Abutment supported porcelain fused to metal crown (noble metal)	725	734	865	1100	1350	910.70	21.63
D6062	Abutment supported cast metal crown (high noble metal)	700	755	895	1160	1200	954.30	22.67
D6063	Abutment supported cast metal crown (predominantly base metal)	670	698	775	990	1180	836.40	19.87
D6064	Abutment supported cast metal crown (noble metal)	620	710	860	1095	1200	890.30	21.15
D6080	Implant maintenance procedures	109	113	128	145	169	139.05	3.30

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Use your accountant and/or outside payroll service to pay your state and federal payroll taxes and contributions. Also conduct your own inquiries at irregular intervals to make sure payments are being made in a timely fashion. Request, balance and review your daily practice records such as appointment book vs. claims (re)filed, accounts receivables and payables, day sheets and bank deposit slips. Always reconcile your own bank statements or have it done by your outside accountant.

Electronic deposits from your credit card processor as well as any other electronic inbound transfers should be directed into a "sweep account" that maintains a relatively small daily balance. Your banker can set this up for you and there is generally no charge for this type of piggyback account. The sweep account statement can be reconciled by an administrative team member without fear that they will see transactions that are of no concern to them.

Most important is to have all banking as well as credit card statements and tax information sent to your personal post office box, home address or directly to your accountant's office. Review them for irregularities prior to reconciliation.

Investigations

If you suspect embezzlement, first contact your attorney for assistance. Your attorney will help ensure that necessary evidence is properly acquired and preserved during the investigation. Your accountant should come next – never first. I have worked too many cases where the office bookkeeper was the culprit working in conjunction with the accountant to defraud the doctor.

A licensed private investigator referred by your attorney may also be helpful to ensure that fact gathering is done properly. They will be able to collect evidence in a confidential manner so as to confirm or negate the fact that someone may have embezzled from you.

The thoroughness and manner of your investigation will directly impact whether you can pursue criminal or civil proceedings, and whether you will ultimately receive restitution. Without having gathered sufficient evidence to establish that a particular employee has stolen from you, you may not be able to persuade the police to pursue criminal proceedings, or successfully receive restitution.


Conclusion

Developing simple controls within your accounting systems can greatly deter fraudulent practices in your office. Responsibility for all aspects of cash management should be assigned to different administrative team members. If possible, you should alternate staff responsibilities in the various processing aspects of cash management. Your employees should be cross trained in different positions, and responsibilities should be shifted from time to time. This reduces the comfort level that invites theft or embezzlement.

A Word of Advice

One of the greatest golf teachers (not coaches) of all time was a quiet, soft spoken, gentle man from Austin, Texas. The lessons of Harvey Penick (1904-1995) are not limited to just the tee box, fairway and green. I carry with me into each and every day many life lessons – but none more critical than what Mr. Penick reminds us all.

"Be not too hasty in the judgment of others. God waits 'till the end."

As for the fee data, we are this month revisiting implants and the more common prosthetic placements. Remember, the key to successful implant reimbursement is the separate identification and appropriate billing of either the prefabricated or custom abutment. When billed correctly, the implant retained prosthetic holds the same fee as a traditionally retained prosthetic. More on these subjects will be discussed during the TeleForum. 

Some of the classic warning signs of potential embezzlers:

Changes in longstanding employee behavior, such as:

- always arrives early and stays late to be alone in office,
- never takes vacations for more than a few days, if ever,
- insists on doing everything in their own way,
- territorial with the computer,
- never lets the phone finish ringing – has to always immediately answer,
- insists on being the first to see as well as sort the incoming mail,
- has routine access to the office computer from an off-site location.

Outside of the dental office look for and be aware of such employee issues as:

- overt as well as uncomfortable social popularity with other team members,
- buys or spends extravagantly and tries to hide it,
- changes in personal life style such as garnishment, bankruptcy, divorce, separation, child custody, health of child or other family member, etc.