

PRACTICE MANAGEMENT ADVISOR

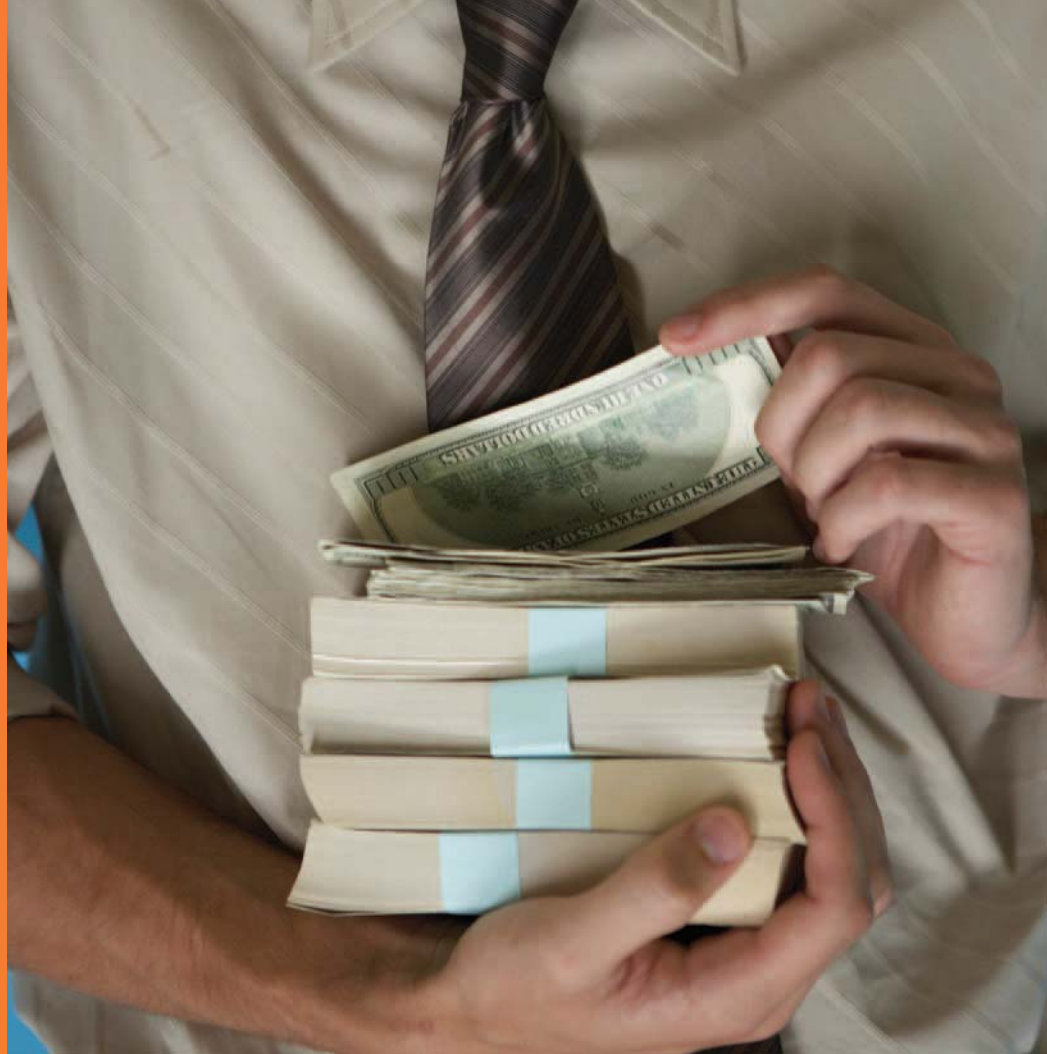
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1715 Indian Wood Circle, Suite 100
Maumee, OH 43537-4055
Phone 419.794.2000 Fax 419.794.2090
www.gjmltd.com

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Employee theft: Don't take chances with your practice

At a time when reimbursement rates are being squeezed, what you *don't* need is someone surreptitiously removing money from your practice. Yet, that's exactly what some staff members are doing to the practices that employ them.

Because medical practices are often an easy target, the amount of money that employees steal can quickly cripple the operation. For all industries nationwide, that amount runs into the billions of dollars, according to the Association of Certified Fraud Examiners' *2010 Report to the Nations on Occupational Fraud and Abuse*. Fortunately, there are ways to protect your practice.

The risks

According to the MGMA, the most common forms of employee fraud were theft of receipts or cash on hand, altering or forging a check, submitting fictitious invoices, paying personal expenses with practice funds, and payroll or expense reimbursement fraud. These thefts went undetected for a median of eight months — 36 months when the stolen amount exceeded \$100,000.

And, in most cases, employees who stole money worked alone. More than half had been with the practice for three or more years.



Combating fraud

The best way to deal with employee theft is to keep it from happening in the first place. But this requires implementing sound internal controls, including:

Risk assessment. Examine your practice's policies, procedures and processes for any faults in the

system for protecting integrity and ethics. Conduct a risk assessment every two years or whenever there's a major system change (such as new EHR) or personnel change (such as a new billing clerk).

Separation of staff duties. Avoid having a single employee in charge of purchasing and of approving and adding vendors. Although it may be difficult to spread duties among several employees in smaller practices, it's critical to implement internal controls that let employees know they'll likely be caught if they steal.

Also, never let a nonphysician employee sign checks — which is perhaps the easiest avenue for fraud. Instead, checks with invoices should be given to the appropriate physician for him or her to approve and sign.

Monitoring employee behavior. Look for telltale signs that an employee is involved with or considering fraud. For example, an employee who never goes on vacation or takes a day off may not want someone else to have access to his or her files. To combat this behavior, require all employees to take scheduled vacations.

Screening employees

First and foremost, get criminal background checks for all new hires as well as current employees. But keep in mind that, according to the MGMA, nearly two-thirds of offenders weren't prosecuted, so their next employer would be unable to learn of their criminal past.

Conducting credit checks on all new hires and periodically on current employees is also a good idea. However, be aware of state law and the federal Fair Credit Reporting Act. You generally need the person's permission to run a credit check, and in some states credit checks are allowed only for positions with certain financial responsibilities.

What should you do after employee theft is discovered?

If, despite the preventive measures mentioned in the main article, a theft is detected, it's critical that your practice investigate the matter promptly and hire an outside consultant to conduct an audit for an unbiased view of the circumstances. Here are some basic guidelines:

- ❖ Don't fire the employee on the spot: If necessary, suspend him or her with pay or allow some time to monitor the suspect employee's behavior before firing him or her.
- ❖ Assign a manager who wasn't involved in detecting the theft to conduct an initial investigation.
- ❖ Interview employees who may have been witnesses to things related to the suspected crime separately and insist they keep the matter confidential.
- ❖ Interview the suspected fraudster last and with a witness present.
- ❖ Document all interviews and obtain signatures from persons interviewed.
- ❖ When the investigation is complete, decide if you have enough evidence to hold the employee responsible and determine the appropriate form of discipline.

It's up to you to decide whether you should go to the police or bring a civil suit against the employee. But keep in mind that, if you don't go to the police, the employee's fraudulent behavior will likely continue and you also may be setting a bad example for other employees. They may view your hesitation to pursue criminal prosecution as tolerance of fraud.

Conducting surprise audits

Employees should know that unannounced audits are possible, but they shouldn't know what data they'll cover. Such audits need not be top-to-bottom reviews of the practice's finances. They can focus on specific areas.

Also, periodically reconcile overlapping financial records. For example, compare receipts that are recorded in the billing system to revenues recorded in the accounting system, and then cross-check those numbers with your bank deposits. Make sure someone other than the person who prepares the records conducts the reconciliation.

Training staff

Educate your staff about what constitutes fraudulent, illegal and unethical actions; their role in preventing and deterring fraud; and how to recognize the signs of prohibited behavior. Doing so will not only make them more likely to notice suspicious behavior, but also diminish their ability to defend

themselves if they're caught in the act of defrauding the practice.

Ultimately, the practice's culture must exemplify high ethics and integrity, from the top down. When that culture is ingrained in your employees, they'll be much less likely to even think about theft.

Bringing in the cavalry

Finally, because computers are often instrumental in committing fraud, restrict employee access to only those computers, programs and electronic data that they need to perform their jobs. And if you haven't done so already, consider purchasing employee bond or employee dishonesty insurance. If theft does occur in your practice, you'll be happy to have this coverage.

And remember: Your CPA or financial advisor can be instrumental in helping you deter fraud and in investigating the crime once it comes to light. So don't hesitate to bring in the cavalry if you suspect fraud is going on in your practice. ❖

Get all you're due

Make it a point to regularly examine your fee schedule

Question for you: When was the last time you reviewed and adjusted your fee schedule? If you haven't touched it in over a year, do it *now*.

With countless changes being thrust upon physicians in the wake of health care reform, and reimbursements still lagging behind the actual cost of delivering health care, your only salvation may be a well-thought-out fee schedule that's structured for maximum benefit. Here are some tips for ensuring that your practice gets all that it's due.

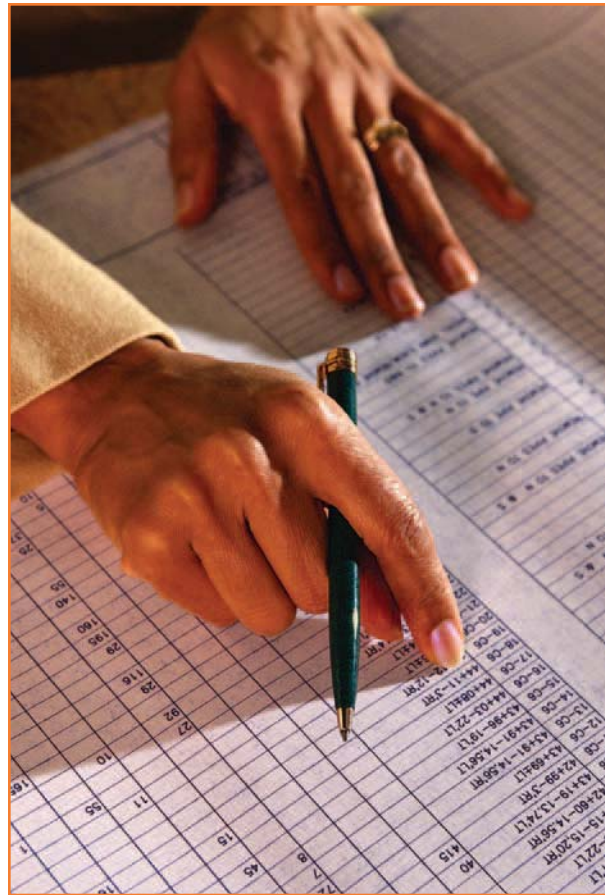
Determine your top CPT codes and costs

Your review should start with running a frequency analysis to identify your practice's top 20 or so current procedural terminology (CPT) codes. Using a spreadsheet, list these codes along with the Medicare allowable rate for each, your current fee for the procedure and the maximum reimbursement from various payors.

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Make sure you examine the resource-based relative value scale that Medicare uses for each and every procedure performed by members in your practice. It's equally important to scrutinize other sources of comparative fee data — not only for your specialty area, but also for your geographic region.

As part of your review, determine and document all the costs to your practice to perform each service. In instances where your costs aren't covered, you



may be able to persuade payors to increase their payments. If this doesn't work, see whether you can lower the cost of delivering the service — perhaps by using nonphysician providers, such as nurse practitioners, nurse midwives, physician assistants and physical therapists.

Raise fees where appropriate

It's generally not a good idea to raise fees across the board, because doing so doesn't adjust the reimbursement rates. Instead, take some time to look at these by CPT code and determine where they're too low compared to Medicare schedules. To boost your bottom line, strive for at least 110% to 120% of Medicare for codes that are performed the majority of the time.

In addition, anytime your practice experiences a large cost increase — such as when pharmaceutical companies and DME suppliers increase prices — you may want to consider a corresponding fee increase. Along the same lines, if a procedure has become less costly to perform because of technological advancements, it wouldn't make sense to increase your fee for that service.

Monitor changes constantly

If you haven't done so already, assign someone in your practice responsibility for monitoring changes in reimbursement levels and costs. This will help you determine when to review some or all of your fees again.

Ask staffers to monitor explanation of benefits statements closely, looking for instances where an insurer pays a service in full. Whenever this occurs, order a fee review immediately. It's likely that your fees are too low.

Take action now

There's no better time than the present to examine your fees. Whether you use your internal staff or a health care consultant who's well versed in fee schedules to perform the review, make sure you cover all the bases by examining your CPT codes and costs and raising fees when warranted. Then monitor changes in reimbursement levels and costs on an ongoing basis. +

Become lean and mean with lean principles

The concept of lean management has been applied for over a decade to other industries, and it's now making its way to health care. The essence of lean management is doing more with less. It may be just the tool your practice needs in this time of cost pressures, reduced reimbursements, quality concerns and reform initiatives.

Hiding in every corner

Lean management principles can help you eliminate waste in just about every operational process in your practice. If yours is like most practices, you'll recognize these examples of waste:

- + Time spent waiting for precertifications, test results, medical records, patients, and even physicians and other staff,
- + Repeated tasks such as completing forms, taking medical histories, retesting, re-entering data and making too many copies,

- + Physical movement of patients, equipment, records and staff,
- + Too little or too much inventory, resulting in excessive delays or costs,
- + Unnecessary motion such as walking, reaching, bending, lifting and searching,
- + Failures and errors reflected in coding, billing, order entries, missing or incomplete information, and employee hiring, and
- + Rigid controls that stifle employee initiative, discount employee training and experience, and lead to low spontaneity in decision making.

With lean techniques, your practice will gradually eliminate tasks that don't provide value to its patients. Look at it this way: Your practice's operations are composed of a large number of processes that build on each other to create value for your patients and other consumers. Lean management scrutinizes each process, looking for activities that

don't deliver value, removing them and often redesigning the others. What's left are process elements that actually *create* value.

A sure foundation

A top-to-bottom lean management project can be a major undertaking for any medical practice, and it shouldn't be a one-time effort. Lean management requires a change in your organizational culture that inspires each employee to constantly be on the lookout for ways to eliminate waste.

It will also require full support from your physicians and managers. They must understand the concept and realize that it will take time and training to put into practice. But it's well worth the time and effort: Lean operations will improve the practice's profitability and position it for growth.

Baby steps

One tool your practice can employ to launch a lean management program is Value Stream Mapping (VSM). It requires a multidisciplinary team of doctors, nurses, receptionists, and billing and claims personnel to inventory each process that makes your practice function.

One process the team might choose to improve, for example, is the movement of patients from reception to checkout. The first step is to identify the "customers" meant to receive value from the process, who may be external (patients, payors, regulators) or internal (physicians, nurses, staff).

The next step is to literally map the process, depicting the stream of component activities that sequentially create value for the customers. You might even want to draw a diagram of the multi-step process.

The heart of VSM is analyzing the process to determine which activities add value and which don't. The analysis will help you recognize wasteful activities that serve no purpose and create no value. It also will help you note points in the process where work piles up or some kind of review or approval is required.

After uncovering the waste and inefficiency in the current process, the team prepares a map of the *desired* process. The team will then look for opportunities to eliminate or combine steps by:

- ⊕ Using new technologies,
- ⊕ Performing tasks in different places and/or a different order, and
- ⊕ Changing specifications for a purchased item.

In analyzing a process and its steps, it's not uncommon for team members to resist letting go of what they're currently doing. But it's critical that they acknowledge the need for change and then embrace it.

Haste makes waste

If you're ready to get lean and mean, don't rush into it. Instead, take the needed time to implement the process correctly the first time. In fact, such operational changes can take three to five years to implement. But the end results will be well worth the time and resources. After all, if done right, your practice will ultimately cut waste and be more profitable. ⊕





Using social media to connect with patients

The “buzz” over social media sites has gone global, with individuals, businesses and even medical practices joining the social network. If your practice hasn’t developed a presence on social media, which includes Facebook, YouTube, Twitter, LinkedIn, Flickr, and blogs, it’s about time that you jump on the proverbial bandwagon.

A growing number of physician practices are turning to these Internet resources to share critical information with their patients and colleagues, network with other practices, demonstrate their expertise, promote and provide health education, and boost their practice’s reputation and visibility.

But, keep in mind that, before you step into the world of social media, it’s critical for you and your entire staff to understand the legal and ethical risks.

For instance, does a social media interaction establish a physician–patient relationship? When the patient is in another state does it constitute the unlicensed practice of medicine? Is there the potential for medical malpractice liability if you offer treatment without sufficient patient information? Does it compromise protection of patient identity and information?

All of the above are good questions that a practice needs to carefully consider. So before embarking on a social media initiative, make sure your practice:

- ⊕ Drafts a written policy with adequate guidelines and limitations for online interactions by any of the practice’s staff,

- ⊕ Includes disclaimers on all of your practice’s social media and Web pages informing visitors that the sites are for informational purposes only and that they don’t constitute medical advice, diagnosis or treatment,
- ⊕ Adjusts the modifiable security features on social media websites so that you can better control access to information on your practice’s Web pages,
- ⊕ Rejects “friend” requests and other invitations to connect with users or groups that your practice may not want to be associated with, and
- ⊕ Separates the practice’s presence and individual physicians’ presence on social media sites.

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If this all seems a bit overwhelming, take heart: The AMA has developed helpful guidance on best practices in using social media. (You can find more information on this topic by going to ama-assn.org and typing “CEJA Report 8-I-10” in the search bar. Click on the Oct. 21 “2010 Interim Meeting Handbook” link, which will lead you to “Professionalism in the Use of Social Media.”) You might also want to look at the Ohio State Medical Association’s website. There, you can find a helpful 10-page toolkit that the association has developed for managing the legal and professional hazards of using social media websites. You’ll find the toolkit at osma.org/socialmediapolicy. ⊕

Think of us as your financial healthcare provider

Healthcare professionals often become so busy caring for patients that their own financial health suffers. That's because billings go uncollected, resources are poorly managed, staff members are inadequately trained, accounting systems are out of date, or other aspects of running a profitable healthcare business are not given the attention they require.

This is where **Gilmore, Jason & Mahler, LTD** (GJM) comes in. Our experienced professionals excel in helping physicians and other healthcare providers enjoy maximum profit, minimum tax and robust financial health. In addition to our staff's high-level expertise in the area of healthcare financial management, our memberships in the Health Care Advisors Association and the Medical Group Management Association enhances our ability to offer comprehensive accounting, tax and business advisory services to our more than 600 clients in the healthcare industry.

Our firm is the exclusive local member of the National CPA Health Care Advisors Association (HCAA), a not-for-profit association of CPA firms dedicated to the delivery of superior quality services to the health care profession.

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- ⊕ Budgeting and cost analysis
- ⊕ Computer hardware and software guidance
- ⊕ Managed care plan review and analysis

We would welcome the opportunity to discuss your needs and answer any questions you may have about the topics covered in this newsletter, or about others relating to running a successful healthcare business. Please call us at 419-794-2000 and let us know how we can be of assistance.



GILMORE, JASON & MAHLER, LTD

1715 Indian Wood Circle, Suite 100
Maumee, OH 43537-4055