

# Anti-Theft Protection Safeguards in a Dental Office



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I am compelled to write this article due to the number of clients that started our service this month as a result of theft in their dental office. The subject of theft stirs something in my core. Dentists, as a group, are good, honest, people, trying to make a living. They are also the MOST vulnerable profession exposed to the potential of theft. Let me tell you why.

1. Lack of training in business management leaves the owner at the mercy of others to run their accounting.
2. The dental business structure does not allow for cost effective tasks distribution to prevent "one hand in all pots" which leaves one person doing all the financial aspects of the business.
3. Busyness of the business leaves the owner exhausted and non-motivated to deal with the business part of the practice.

As a result, the situation provides a great, tempting opportunity for theft that goes un-noticed for years and maybe never discovered. The purpose of this article is to reveal the methods of theft, set safeguards, and provide guidelines to prevent creation of an environment where theft proliferates.

Here is some examples of ways theft can occur:

1. Front office asks patients to allow her to fill out/write checks for patients and instead of writing the check out to the practice, writes her name on the checks then cashes them
2. Front office sets up a checking account with her name as authorized signee for check deposits. Uses this account for personal expenses
3. Front office takes cash payments for procedures and does not record transactions in the dental software
4. Front office records huge discounts for cash procedures, paid in full by the patients, in the dental software and pockets the discounted amount out of the cash from daily deposits

5. Front office submits lower fees than UCR and records adjustment to collection, then takes out cash from deposit to cover the overpaid amount

6. Team uses business credit card for personal expenses

Here is a list of bare minimal involvement in the financial aspect of the practice by the owner Dentist, without exceptions! Starting the day after you read this article you will do the following.

a. Reconcile the monthly bank statement. Bank reconciliation is a balance check for discrepancies between the daily deposits (what should have ended up in the bank) compared to your report from the practice management system. The other items that will be verified are the expenses paid with checks to vendors, as well as, any unusual transactions. For this task you will need to obtain/run the monthly deposit report from your dental software and have your bank statement available. In your QuickBooks, Quicken, or any other financial management software, you go to the reconciliation section, put in your starting and ending balances, and you check off things that were recorded throughout the month against the bank statement. This takes 5 minutes and is an easy task that even the computer illiterate can perform. The financial management software should be closed out monthly, and password protected, after your reconciliation of the bank statement.

b. Review of all discounts and adjustments made throughout the month. This is another report from your dental software. The software will break out the insurance adjustments, patient discounts, and refunds. No one is authorized to provide discounts to patients other than current promotions or discounts at Doctor's discretion. All discounts must be reported on claims submitted to insurance companies, since the insurance benefit is calculated based on the fee after the discount is given. Lack of reporting of discounts is considered insurance fraud.

c. Review collections report. There should be no adjustments to collections here. Any adjustments to collections should be refunds to insurance companies, refunds to financing companies, or refunds to patients. If there are adjustments to collections other than those mentioned you need to research why. A common fraud that occurs is that the fee submitted to the insurance companies is lower than the UCR. As a result the insurance overpays. Since your dental software is waiting on payment that is lower than the insurance payment sent to you, if you record that the expected payment was received but the over-payment is adjusted (adjustment to collection), the money can be moved out of the daily cash deposit and can go unnoticed. The patient's ledger will be reconciled as \$0 balance, but the over-payment can be moved via cash outside of the dental software accounting system. We have also seen this, for instance, as deceit in associate Dentist under-compensation and it is directly related to not having the updated insurance fees in the dental software. The over-payment was adjusted to collection from the Associate and credited to the owner.

d. Prevent setup of vendors in the financial management software by the same person that does the bookkeeping. Setup and editing of vendors information should be done by the Administrator/Owner or someone other than the main bookkeeper. Fraud can occur when vendors are setup with fraudulent information so that expense checks can go to that address and can be cashed by the perpetrator.

e. Review what's expected to be collected (patient's portion) in the morning and track what was actually collected to be review in the am huddle next day. This is good to track the practice collection rate, promotes the team to collect at time of service, allows for open monitoring of cash flow, is good for the health of the practice and an incentive program. Along with collection rates, production efficiency (what was booked and what showed up) and acceptance rates (what was planned and what scheduled next visit) should be tracked. The collection rate at time of service should be 97% or higher, the production efficiency should be 98% or higher, the treatment plan acceptance in hygiene should be 35% or higher, and assistants acceptance rate (treatment scheduled out of Doctors rooms) should be 45% or higher.

f. Person preparing/reviewing deposit should not be the same person who collected money all day. There should be one other person in the office that checks off on the actual deposit with their signature. If you report what should be collected at time of service in AM huddle, and then a team member will review what was or was not actually collected by the front office, this will deter possible fraud. It is less likely that there will be 2 accomplices.

g. Review production in the morning huddle of the previous day. Review anticipated production and actual production. Run daily reports and ask team to bring to morning huddles. This ensures that all procedures are recorded in the dental software. Fraudulent activity will be prevented if the team knows you reviewed in the huddle

what you were booked to produce and review again what you actually produced. We have our providers sign off on their production. This also prevents inaccurate billing or lack of procedures that need to be billed. Many times the appointment card does not contain procedures that need to be checked out, as a result those procedures are not billed and are difficult to catch that they were not billed since the only record of the actual procedure is in the progress notes. If your office does not put procedures in the appointment card of what is scheduled you MUST start that today. Also ALL discounts to be given MUST be reflected in the appointment card. This serves as an official, authorized discount by the owner. The dental software is designed to enter the treatment plan, schedule procedures from the treatment plan (which also removes them from the treatment plan as they are scheduled), and then billed/checked out from the appointment card. Things are missed and fraud occurs when this is not followed. Something always gets omitted and it results in errors and ultimately in lack of money for the practice.

h. Close out your day daily. After all transactions are entered and the deposit is balanced against production and the schedule, the day needs to be closed so no changes can be made thereafter. This is important if you are reviewing the production/collection results the next day, so you want to make sure no one can change what you just reviewed. For instance, if you review daily production procedures and now remember transactions that were part of the production, the team is less likely to remove any transactions after you reviewed and they are less likely to pocket money paid on those procedures. The day is already closed so they cannot make changes to the system, so all production and collections are recorded. Too many offices do not close out the day and the team can go back and make changes to accounts. If your office does not close out the day daily you MUST start this immediately. To open up the day after it was closed, it should require a password, and needs to be done by the owner. Don't forget, the financial management software should be closed out monthly after your reconciliation of the bank statement.

i. Deposits MUST be deposited in the bank daily. Once you close out the day, the money collected should be given to the bank that night in a nightly deposit envelope and dropped in a night deposit box. If you signed up for electronic Funds transfer (EFT) by the insurances, your team has to enter the EOBs same day you get a notice of ETF deposit, or the reconciliation of your bank statement will be a nightmare. Daily deposits of your money ensures:

1. Easier reconciliation of deposits against your dental software since the dates will be accurate

2. Prevents money laying around the office and possibly disappearing. If the team knows you will be reviewing the production and collection in the morning, fraudulent activity will most likely happen after your review. If the day is closed out, and the money is in the bank, fraud is less likely.

j. sign/review all checks to vendors. The team can prepare the checks. All checks to be signed should have an invoice or bill paper-clipped to the check to be signed. If they enter the bill to be paid in the financial management software they need to scan the invoice or bill as an attachment to the software bill to be paid. The owner Dentist reviews the bills to be paid, signs the checks, or reviews the bills in the software, and then the OWNER pays them online through online banking. Online banking is an excellent method to handle your finances. There is a record of all checks and addresses where the checks went, you have control who has the ability to write checks and pay bills, and control who can setup new vendors. The other method of paying bills is through credit card payment. With a credit card, there is a record where the money went and ability to attach invoices or bills to each credit card payment.

k. credit card charges alert to your phone. Log into your online credit card and setup alerts (as an email or text) to go to your phone every time your credit card is used.

l. review the credit card monthly statement. Just look at it please!

In closing, your involvement in the financial aspect of the practice is crucial to prevent the opportunity of theft.

If you suspect fraud in your office or want to prevent fraud with safeguards, please reach out to us and we can assist you. The situation can be managed in several ways. We can be hired for an initial investigation or we can setup safe guards. Also, we can be the mediator with the team as the professionals instructing the practice to have the Doctor's involvement in the financial aspect (this is a good method if you are afraid the team will feel uneasy if you start asking for reports or you are doing more than you used to). Or you can outsource your billing with us. Please reach out if you need our assistance. In addition, if you were a victim of fraud, we would love to hear your story so

we can see what safeguards would have prevented that from happening and learn from your unfortunate experience. Email us at [contact@dentalclaimscleanup.com](mailto:contact@dentalclaimscleanup.com) or visit our website at [www.dentalclaimscleanup.com](http://www.dentalclaimscleanup.com)

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