

Financial Health Check Up

Corralling Theft in Medical Practices
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There's a great scene in the movie "The Big Chill" where a discussion among the main characters takes place on the topic of rationalizations. One individual comments that just about everyone has at least one, juicy rationalization each day. That may be true. But when the rationalization involves taking things from a work environment, and that work environment just happens to be your medical practice, it becomes theft...no matter how you rationalize it.

"It's a prevalent issue," says Jay Sattler, CPA with the firm of [BlumShapiro](#), when discussing the issue of fraud and theft in medical practices. "I would say it has become more prevalent over the last several years, and I would go so far as to say there's a link between these types of matters and the state of the economy."

Which, of course, makes it easier to rationalize the disappearance of everything from office supplies to medication samples. But it's still theft.

Justifying the action

Timothy Dimoff, CPP, is the founder and president of [SACS Consulting, Inc.](#), a high-risk security consulting firm. He agrees that the current state of the economy produces an upswing in internal crime. The justifications used by medical practice employees range from, "The doctor makes good money so he can afford it," to, "I'm wearing two hats now that we've reduced staff, so if I take a few reams of paper, it's no big deal."

But it is a big deal, says Dimoff. And it becomes an even bigger deal when pharmaceuticals become the target of choice. Employees see these medication samples left by pharmaceutical reps as "free," so they justify that they're not really stealing. Everything from cold tablets on up is fair game, and brought home so workers can save on having to purchase these items. But there's an even bigger issue.

"We have people working in [medical] offices who have addictions to drugs; addictions to painkillers and antidepressants," Dimoff explains. "Why should they pay for the prescriptions when they can get samples for free? And some people who are hurting for money are stealing the pharmaceuticals and selling them."

Locking the cabinet

So, how do you combat the problem? Dimoff suggests having a set, known process for every procedure at the practice. When pharmaceutical samples are dropped off, register them, and then any time a sample is removed and given to a patient, make certain it's marked down on a clipboard. In other words, keep a tight inventory of all pharmaceutical products.

"If there's expected accountability, and you have a process in place, you decrease the opportunity for deviation tremendously," Dimoff says. "But if it's a free for all, people will look at the box in the corner filled with samples as something they can have any time they want."

Sattler agrees, and suggests that a system of checks and balances should exist in all areas of a medical practice. For example, he says that the lack of segregation of duty is one of the biggest red flag areas. When one worker has too much control, too much responsibility, there's a greater probability that fraud and theft will take place. Mitigate that probability by cross training employees. "When one person can spend some

time during the year performing another person's duties, you can avoid some of these issues."

Know your employees

Conducting thorough background checks prior to hiring staff is important, but that doesn't mean you stop paying attention to your employees once they're hired. Sattler explains that it's important to watch for red flags, such as employees, or even physician colleagues, who may be experiencing financial difficulties, living beyond their means, or exhibiting changes in lifestyle and behavior patterns.

"It could be an office manager who, for the last five years, has refused to take more than two vacation days in a row," Sattler says. "That's a huge red flag. Theft or fraud is rarely ever done in conjunction with another person in the office. So when you have someone who refuses to take something as simple as more than a couple of days vacation in a row, that's because that person needs to be in the office to keep the theft or the transparency going so it isn't detected."

Process, procedure, and accountability, says Dimoff, are critical to reducing the likelihood of fraud and theft. Fostering a culture where employees know what is expected of them will, in turn, prompt them to care about their work environment. "And then you gain their input for correcting things that aren't right. Because if you have chaos going on in a business, more chaos is just part of the culture, so why report it?"

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Ed Rabinowitz is a veteran healthcare journalist with more than thirty years of writing experience. He has written professionally for Volkswagen of America and Continental Insurance, and has been covering the financial and healthcare marketplaces for the past 13 years. In 2008, he published his first book, *The Road to a Record*, chronicling the record-setting achievements of the Northampton Community College women's softball team. He is based in Bangor, Pennsylvania.