

“How to Prevent Employee Theft”

Employee theft is more common than you think especially if you have a lax policy regarding office co-payment collection and processing. Despite the fact that co-payments are typically between five and twenty dollars, (insignificant losses to some), this can account for approximately 10-15% of a physicians reimbursement. To put this in perspective, if the average physician were to see 35 patients within a workday, the total reimbursement from co-payments owed would be approximately \$175.00. ***At year-end the total amount collect from co-payments could reach \$32,000.00, astounding!***

No one wants to think that his or her staff may be embezzling from the practice, least of all, a plastic surgeon in Glastonbury, CT who's longtime employee of 15 years was arrested last year for embezzling nearly \$330,000.00 over a two year period.

Now that we have your attention, what can you do to ensure that your practice is safeguarding itself?

1. **Remain an integral part of the financial process.** Physicians must not be removed from the financial operations of the business of the practice. If you are a sole-practitioner, you may need to spend a few more hours per week reviewing daily or weekly deposits with your staff members. This has benefits that far outweigh disadvantages. For one, you will know how much your practice is depositing on a weekly basis. This often can be a telltale sign of A/R problems if volume remains the same. As a result, you will be able to remediate the situation more efficiently. If your group is a multi-specialty medical practice, a physician should be appointed as the managing partner to ensure that a physician is still, “in the loop”, so to speak.
2. **Delegate responsibility among a few employees.** Typically, giving one employee sole responsibility for financial deposits and collections at the front desk is a recipe for disaster. When the task is shared, whereby one employee collects co-payments and another proves deposits daily, employee theft is often dramatically reduced.
3. **Set up a financial compliance plan for your employees.** This compliance plan will ensure that your employees prove all collections at the end of the business day. For example, use numbered encounter forms and carbon copy receipts. At the end of the day, employees must match all of the encounter forms and carbon copy receipts with the cash received in the cash drawer. The employee who is performing the daily tally should lock up the cash in an envelope with an index card indicating the total amount in cash, check and charge(s). In addition, most offices utilize a patient sign-in sheet. We also recommend comparing the sign in sheet at the end of the day in conjunction with receipts and encounter forms to ensure that for example, if you saw 30 patients, then you would have a similar number of encounter forms, patients on the sign-in sheet and carbon copy receipts. Comparison of all three elements with the general journal ensure the amount collected and posted is accurate, thus ensuring that you are not losing out on lost revenue. One additional tip, make sure that someone else in the practice spot-checks the posted encounter forms to ensure that the amount collected on behalf of a physician is posted to that patients account. Have this individual submit another index card with the total amount posted during that day in cash, check and charge(s). Finally, the individual who does deposits can compare the two cards submitted for discrepancies. This process when followed appropriately virtually eliminates any potential employee embezzlement.
4. **Separate co-payments for each physician from petty cash.** Keep separate envelopes with each physician's co-payments collections. This ensures more efficient reconciliation. Petty cash should only be used for making change for co-payments, not for paying for lunch and daily

non-essentials. The petty cash envelope should always have the same amount in it at the end of each workday. Petty cash is the second most common area of employee theft. Therefore, a physician who uses it to pay for non-essentials on a daily basis rather than by issuing a check creates the sentiment among his or her staff that this behavior is acceptable.

5. **Prosecute offenders as a message to other would-be offenders.** This approach is the most effective in preventing behavior. It sends the office staff a message that warns to prevent future theft, and that such behavior is not tolerated and is prosecuted swiftly and judiciously.
6. **Screen employees.** Check an employee's background thoroughly before hiring them. Verify past employment, run criminal histories. Have your employees fill out a fidelity bond application. The fidelity bond will provide insurance against theft of a monetary nature provided that you can prove the amount you lost. Therefore, it is extremely important to automate your practice to have safeguards built in to prevent theft from the outset.

Paying attention to the financial details of your medical practice will ensure smooth operation and prevent the likelihood of employee theft due to inadequate and inefficient policies and procedures for handling cash during the office's daily operation. While these guidelines may seem tedious, as you can see they are essential for keeping what belongs to you.