When people choose to enter medical school, it’s because they’re interested in becoming a doctor and practicing medicine. Learning the skills needed to protect a medical practice against fraud is the last thing on their minds. Given that health care is a $2 trillion business, medical practices can, in fact, be at special risk for fraud. Employees, patients, vendors, drug reps and others – virtually anyone who has access to a medical practice’s financial information – can perpetrate fraud. And it’s easier for them to obtain that information than you may think.

The good news is there is much that medical practices can do today to protect themselves. Here are some of the most important ways:

1. Keep cancelled checks and bank statements under lock and key.
   They may seem like old records, collecting dust in a back room. But placed in the wrong hands, they look like solid gold. To protect both you and your patients from identify theft, old checks, bank statements and related materials should be kept locked away or appropriately destroyed. This includes old computers, hard drives, CD drives and floppies.

2. Maintain separation of duties.
   Separation of duties is perhaps the most fundamental rule of internal controls. It can also be one of the most difficult and costly to follow.
   Most people understand the basic idea: no individual should control more than one phase of a financial transaction or operation. In practical terms, that means that the person who writes checks or makes deposits shouldn’t be the one reconciling the bank account. If duties are kept separate, deliberate fraud would require the collusion of two or more individuals.
   To most, separation of duties seems like common sense. But in reality, many practices don’t have the staff needed to ensure that. A practice’s leaders must also be vigilant when signing the checks placed before them. More than one doctor has inadvertently paid to redecorate an employee’s home because he or she was distracted during the check-signing process.
   Considering the millions of dollars the health care industry loses to fraud each year, the extra expense of hiring an accountant or other third party to administer payroll or handle other financial issues may be worth it.

3. Take advantage of the latest fraud protection tools.
   The good news is that the same fraud protection tools originally created for large companies are now available to medical practices. For organizations short on staff, these tools can also help maintain separation of duties.
   Consider a bank lockbox, which allows a medical practice to have its incoming payments collected at a secure post office box and then transported directly to a bank for processing. Lockbox services not only eliminate the need for employees to handle...
CareEntrust: Connecting Care for Better Health
By Jim Hansen, President & CEO, CareEntrust

Patients are increasingly insisting that health care be as “information-aware” as other aspects of their everyday routine. Physicians are looking for straightforward approaches to improve the safety and quality of the care they provide. Other stakeholders are pressuring the health care system to perform in a more coordinated and efficient manner. The CareEntrust Health Record has been created to address these and other important challenges facing health care providers today.

What is a CareEntrust Health Record?
The CareEntrust Health Record (CHR) is a patient-centric repository for clinical and administrative health information. The longitudinal historical record transcends organizations, care settings, insurers, and time to provide key information at the point of care. The secure CHR is accessed by both patients and health care providers to view:

- Demographic information
- Past and current medications
- Visit history and procedures
- Lab results
- Immunizations
- Allergies
- Vital signs
- Clipboard-type information

Consumers are also able to upload documentation directly into their record and take an active role by managing access to their information.

Who is CareEntrust?
CareEntrust is a Kansas City-based, independent, not-for-profit organization dedicated to improving the safety, quality, and efficiency of health care by improving continuity-of-care information, consumer engagement, and provider-patient communications. With over twenty—and growing—innovative, civic-leading employers representing over 100,000 employees and dependents have partnered to sponsor the CHR, making it available to health care providers free of charge. Employers, insurers, and others do not have access to the data. The CHR’s sole purpose is to facilitate the delivery of care.

Benefits Exclusive To Participating CMHN Members:
- Representation in managed care contracts. Participation is non-mandatory and non-exclusive
- Discounts on vaccines, available through our Vaccine Group Purchasing Program
- Registration for attendance in annual Clinical Advances in Pediatrics Symposium
- Variety of CME programs and educational opportunities for physicians as well as clinical and administrative staff (Coding and Compliance, Best Practices, Human Resources, Origin of New Influenza Viruses and Attempts at Prevention)
- Link to market professional experts
- Limited practice management consulting

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and deposit incoming checks, they also enable a medical practice to gain faster access to incoming funds.

Similarly, remote deposit enables a medical practice to deposit checks into its bank account from the office by scanning a digital image of a check onto a computer and then transmitting the image to the bank. Remote deposit eliminates the need to physically deliver the check to the bank and reduces the risk of checks being lost or altered en route.

It is not uncommon for debt-ridden employees to use a medical practice’s checking account information to pay their personal bills electronically. You can prevent others from fraudulently accessing your account with an Automated Clearing House (ACH) debit filter that eliminates unauthorized electronic payments from your accounts. With the ACH block, you identify the persons authorized to take money from your account electronically. Unauthorized users are automatically rejected.

While ACH block helps protect against electronic fraud, Positive Pay helps prevent paper check altering and forgery. With Positive Pay, you provide your bank with an electronic file each day of all the checks you issue. The bank then matches the paid checks against the file. This process allows the bank to alert you if the amount or payee’s name on a check has been altered, and refuse payment of that check.

4. Monitor your account activity daily.

Much can be done to stop fraud before it has a chance to occur. Still, it’s important to watch for fraud daily, particularly during the account reconciliation process.

Online banking has made it easier for everyone to monitor banking activities and balances every day. Just be aware: if you are viewing your account(s) online, remember that even though account numbers and amounts may match, the payee’s name on a check may have been altered. If a perpetrator changes payee information, you will still need a service like Positive Pay to catch it.

Identifying potential problems sooner is always better than later. To have the best chance of catching fraud, accounts should always be reconciled within a reasonable number of days. Check with your bank to determine its requirements.

The bottom line for medical practices: be aware. Yes, you’re busy. But a little vigilance and caution exercised on a daily basis may reap great rewards in the long run. And it will allow you to keep your primary focus where it needs to be: helping people get better.

About the author: Cindy Bobbitt has seventeen years of experience in banking with the last six spent with Commerce Bank in the health care lending area. She is an active business partner with MO-MGMA, Northland Medical Managers, and Greater Kansas City Medical Managers Association.

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Welcome New Physicians!

Veronica Manka, MD  
Lee’s Summit Physicians Group

Sara Nelson, MD  
Pediatric Associates of Topeka

Abbey Rupe, MD  
Mid-Kansas Pediatric Associates

Kathleen Farrell, MD  
Pediatric Professional Association

Sara Myers, MD  
Pediatric Associates

Lily Nguyen, DO  
Priority Care Pediatrics

New Contact Information

Due to an upgrade in our telephone system, CMHN has new telephone numbers. Please take note of the new numbers and update your contact information accordingly. Please note that our e-mail addresses have not changed – they are listed for your convenience only.

CMHN General Information Line  
(816) 701-5250  
cmhninfo@cmh.edu

Heather Beheler  
Executive Director  
(816) 701-5210  
hbeheler@cmh.edu

Meredith Mandel  
Provider Relations Representative  
(816) 701-5217  
rmmandel@cmh.edu

Jena Parker  
Provider Relations Representative  
(816) 701-5213  
jbparker@cmh.edu

Fax Number – Remains the Same  
(816) 221-7926

The Red Flags Rule: Compliance Requirements for Health Care Providers

Attorney Pete Enko from Husch Blackwell Sanders joined the April 23 Office Manager’s Breakfast Meeting to discuss the Red Flags Rule. If you would like copies of his Power Point presentation, a sample policy or the FTC Red Flags Rule How-to-Guide please contact CMHN at (816) 701-5250 or cmhninfo@cmh.edu. Enforcement of the Red Flags Rule (originally to be effective November 1, 2008) has been delayed until August 1, 2009. Please visit http://www.ftc.gov/opa/2009/04/redflagsrule.shtm for more information from the FTC concerning the delay.