

**PRACTICE MANAGEMENT**  
Fraud And Embezzlement  
In A Health Care Practice

**OVMA RESOURCE**  
Veterinarians And  
Suicide Update

**PRACTICE COACH**  
Dental Coach  
Dr. Wayne Kerr

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fall 2018

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# Canadians And Compassion And Much More

BY JAMES RUDDY

Canadians are kind and compassionate people who once again have demonstrated this national characteristic in a unique way. On April 6, 2018 near Armley, Saskatchewan, a bus crash decimated the Humboldt Broncos hockey team (16 died and 13 were injured). Canadians across the country expressed their grief and illustrated their support for the Humboldt team and community by placing hockey sticks on verandahs, balconies and public building fronts and in the photo pictured right, outside the door of downtown Toronto apartment.



Hockey stick outside an apartment door in Toronto

## The Story of Patsy Ann

Dog lovers will enjoy the following account of a dog, born deaf, which still had the uncanny ability to hear the whistles of ships that were about to arrive in the port of Juneau, Alaska. For thirteen years, from 1929 to 1942, this Bull Terrier greeted every docking ship or boat and was given the title of "Official Greeter of the Port of Juneau". Ships' crews and passengers alike were delighted with Patsy Ann's enthusiastic welcome and offered up treats for the "homeless" but well-cared-for canine. In 1992, bronze statue was placed on the dock in Juneau to honour the memory of Patsy Ann. Folklore has it that it is good luck to pat and rub the head of the statue so that Patsy Ann would somehow know and welcome visitors to Juneau.



Statue of Patsy Ann in the port of Juneau, Alaska. Note the shiny nose and forehead

Editor's Note: Much has been written about Patsy Ann; for more on her story and legacy as well a poem entitled *The Ballad of Patsy Ann* go to:

[patsyann.com/story/](http://patsyann.com/story/)

[canidae.com/blog/2013/05/patsy-ann-official-greeter-of-juneau/](http://canidae.com/blog/2013/05/patsy-ann-official-greeter-of-juneau/)

JAMES RUDDY

## FEATURE INTERVIEW

## William Hiltz, CEO Of Hiltz &amp; Associates

WITH JAMES RUDDY



**“Published statistics suggest that at least 60 per cent of dental practice owners will be the victim of embezzlement during their career, and half of those, more than once.”**

**~ WILLIAM HILTZ**

**H**ealth care practitioners have become increasingly aware of the need to protect their practices from fraudulent activity. While most practitioners trust their employees and associates, they are hearing more and more cases of their fellow practitioners being the victim of theft, often by a person or persons they are close to. William Hiltz has dealt with numerous such cases, and while he has primarily worked in the dental industry, his work and findings apply to all health care and business practitioners.

**Please describe how you got into the fraud and embezzlement investigation business.**

I've been providing management consulting services to dentists for over 20 years, and thanks to my wife, Janice, the last 14 years have been focused on fraud and embezzlement committed against dentists and practice owners.

Back in 2004, Janice was working as a dental hygienist in a local practice. Over time, she witnessed things that caused her to suspect the office manager was stealing. Janice brought her concerns forward and the dentist asked me to help.

This was my first encounter with employee dishonesty. I completed my investigation,

and turns out, the theft was close \$100K. The employee was promptly fired. She was later charged and convicted by a criminal court. The local news media covered the story, and I still keep a copy of that article on our website as a reminder.

Word of mouth soon spread and it was not long before I had my second case involving over \$140,000 in employee theft, followed by another, and then another. By 2006, I decided to do this type work on a full-time basis and co-founded a company (Prosperident) to provide fraud and embezzlement investigation services to dentists. I was the COO and Chief Fraud Examiner until mid-2017, when I left and started my own private practice called Hiltz & Associates.

During my career, I have conducted hundreds of fraud and embezzlement examinations for dentists and practice owners in 45 states and 10 Canadian provinces.

**When it comes to health care practices (e.g. dental practice), what percentage are likely to be affected by fraud?**

Employee dishonesty is prevalent in the workplace and no business is immune; not even mine. Published statistics suggest that at least 60 per cent of dental practice owners will be a victim of embezzlement during their career, and half of those, more than once. Cosmetic surgery and medical spa practices are hit even higher, at a rate of 82 per cent.

**Please describe a typical day for you.**

There is no such thing as a typical day. One moment I'm talking to an attorney regarding a dispute between two doctors (one was stealing), the next I'm advising a practice owner how to "properly" fire their employee for financial misconduct, or delivering the news to a doctor about how much was stolen from her practice.

But like any job, there are typical tasks. I spend a part of each day examining my client's business records, electronic data, and financial records to uncover or document theft. I communicate with clients by email, phone and increasingly by video-conference. We employ a network of secure servers, located in the U.S. and Canada to support our operations. This technology permits us to secretly and securely conduct our work off-site. It's a rare occasion these days when we must visit a practice to investigate.

**When examining a practice for fraud, what are some of the key indicators you look for?**

The idiosyncratic nature of health care practice makes each situation unique.

Practices that are fee-for-service differ from practices that rely heavily on insurance payments. In every case, I begin by asking questions. I'll spend an hour or more with the practice owner, and their answers help formulate my investigative plan.

A few of the things that cause me concern (when looking for embezzlement) are: questionable day end reports, excessive or unauthorized adjustments to patient accounts, missing documents, or deleted or modified computer records. Employee behaviour can also predicate the discovery of theft. Employees who refuse to take vacations, come in too early or stay too late, resist change or the involvement of others, are protective over their workspace, and come to work when sick raise my suspicions.

**Without naming names, places, etc., can you describe a practice you have investigated and how you discovered fraud?**

I was contacted by the spouse of a dentist a few months back. It was a Monday. She was concerned that her husband was being “robbed blind” by his office manager of 20+ years. The spouse told me that when she confronted her husband with her concerns, he responded indifferently and sometimes even appeared to be defending his office manager.

The spouse's concerns kept growing over the last few years and had reached a breaking point. She was fed up and didn't know what to do. We spoke for about an hour. I asked a lot of questions which led me to believe that the office manager was stealing. The problem now became how to convince her husband that it was happening. He was the kind of person who gave everyone the large benefit of the doubt, so to convince him, we needed clear and compelling evidence. I told the spouse where to dig for the information that could confirm fraud. She did that and showed her husband what she had uncovered.

On Wednesday her husband called and asked me to help. I spent Thursday putting together the evidence and documents required to fire the office manager. For most practice owners, firing someone for stealing is something they've never had to do before. It must be done right the first time, to avoid a wrongful termination lawsuit.

On Friday morning when the office manager came in to work, she was confronted by the doctor in the presence of a witness. The office manager denied everything and

was fired for financial misconduct, then removed from the office—at my suggestion, the witness was an off-duty police officer, and a friend of the practice owner.

Turns out, the office manager was submitting fraudulent health care claims to multiple insurance companies. When the insurance checks arrived at the office, the manager would take the check and deposit it into her account through an ATM.

The matter is still under investigation, and charges will be filed. Because of the magnitude of this crime, the office manager could face ten years or more in prison.

Lastly, I had told the spouse to look in the practice management software for a specific insurance claim report, and then contact the insurance company to compare the practice's report against the insurance company's records. The discrepancies were obvious and compelling.

**From your experience, who, in a health care practice, are most likely to perpetrate fraud?**

That's an interesting question. My experience has been that the people who steal from the practice are primarily receptionists or office managers, and to a lesser extent, the practice owner's spouse, bookkeeper, business partner or friend.

Most people who steal from a practice are first-time offenders. They are primarily female and have been working in the practice for many years. They have gained the trust of the practice owner and at some point, their life changes and they become motivated to steal. It could be a death, divorce, or drugs. Many are gamblers, or compulsive spenders, but a surprising number will steal for “higher purpose”, to provide a benefit to a child, grandchild or to stay in a relationship.

**What is the most likely outcome when you have discovered the person or persons who have committed fraud in a health care practice?**

Everyone who steals loses their job. Some end up facing civil or criminal prosecution. Others will negotiate a set-

tlement to avoid court. Sometimes they get to walk away, and nothing happens. Every case is different.

Typically, if the person is still working in the practice and I uncover theft, then we deal with that immediately, which means terminating the perpetrator's employment for dishonesty. That stops the stealing and clears the way for investigation.

When I complete an investigation, a report is issued to the practice owner which can be used for recovery and prosecution purposes. For most practice owners, the best source of financial recovery for their employee's dishonesty is insurance; with many policies having coverage limits between \$10,000 and \$50,000.

**Finally, what advice would you offer health care professionals when it comes to fraud and their practices?**

Practice owners need to ensure their practices have a good system of internal controls designed to minimize the opportunity for theft. For most practice owners, this means hiring a professional to come in and implement the required checks and balances.

Make sure you have adequate employee dishonesty insurance coverage, and the most important advice when you suspect employee dishonesty, is to not fall into the trap of doing nothing about it or waiting to see what happens. Don't put your head in the sand. Ask someone with experience for help.

**BOTTOM LINE:** Practitioners often underestimate the possibility that their practices may become victims of fraudulent activity. This article deals head-on with the possibility and likelihood of fraud or embezzlement occurring. ○



**William Hiltz**  
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