

# INSURANCE FRAUD

## in the Dental Office

### ... and Jill gets a great smile!

WILLIAM HILTZ

Our office receives numerous calls from dentists asking how to deal with instances of insurance fraud. Here is an example from our case files. What would you do in this situation?

Thirty-two-year-old "Jill" has been a patient for the last five years. She has employer-paid dental coverage and arrives today for her regularly scheduled hygiene appointment. During the clinical exam, she inquires about laser whitening. You discuss the treatment and obtain informed consent. Jill is directed to the front desk to schedule the appointment and make financial arrangements since laser whitening is not covered by her dental insurance.

Two weeks later, Jill presents for treatment which proceeds in customary fashion and achieves better than expected results. Jill thanks you profusely and is directed to the front desk to settle her account.

Some time later, your front desk receptionist informs you she is leaving to take another job. Luckily, you find an experienced replacement and the transition is trouble-free.

In six months, Jill returns for her regularly scheduled hygiene appointment. After treatment is complete your new receptionist processes the necessary dental claim forms and schedules Jill for her next appointment.

When Jill has left, your receptionist pulls you aside and asks you why Jill's ledger contains a laser whitening charge but it appears to have been paid for with insurance benefits. She produces an 'explanation of benefits' from Jill's insurance company which shows payment for three large restorations which you did not perform. The insurance payment was applied to Jill's account against the whitening charge.

It is now apparent that the previous receptionist filed a false insurance claim and used proceeds to pay for Jill's laser whitening.

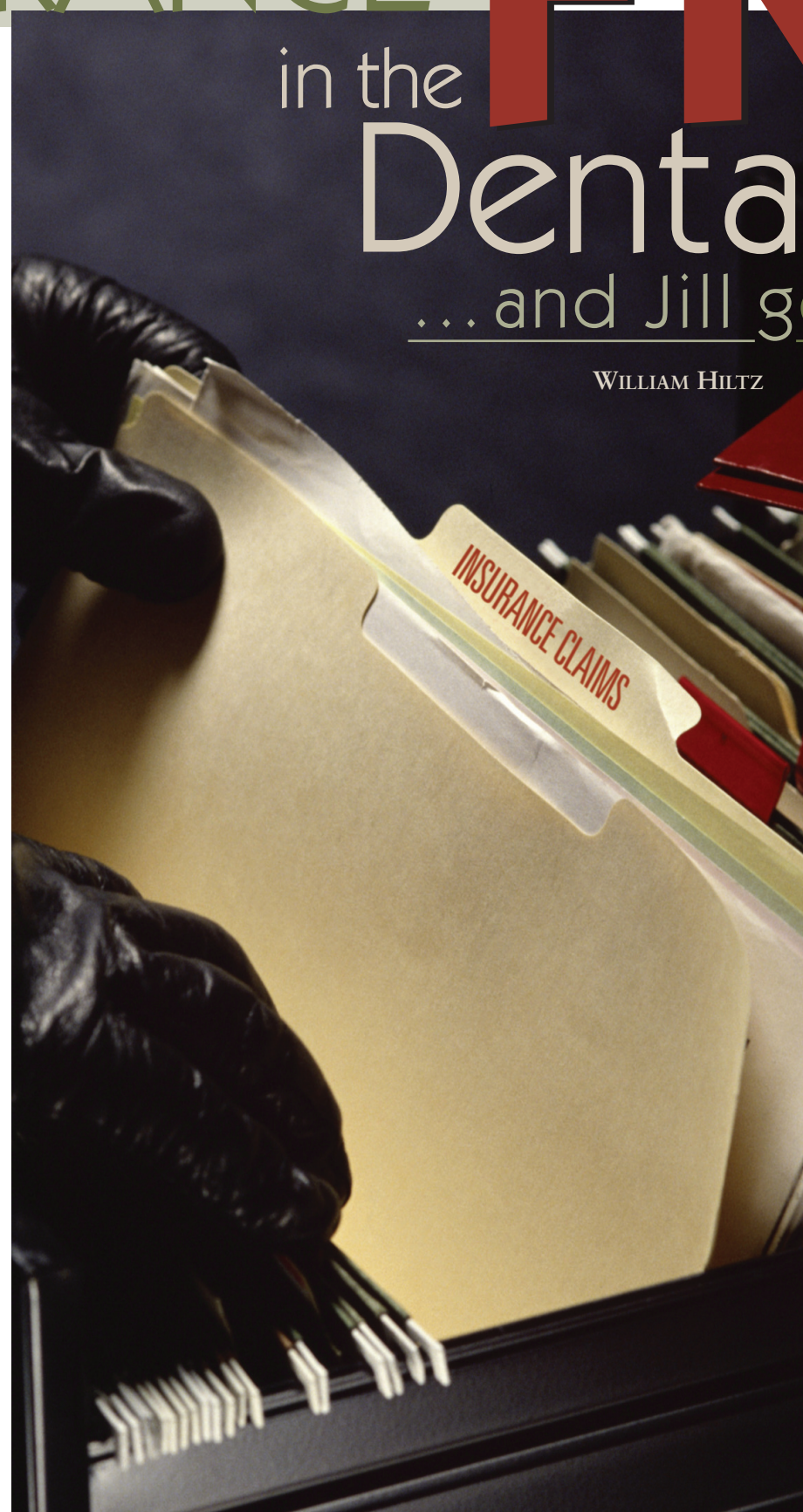
#### QUESTIONS?

- Do you inform the insurance company about the fraudulent claim?
- Should you dismiss the patient?
- Do you contact your former receptionist?
- Are you required to report this to your former receptionist's new employer?
- If "Jill" contacts you and offers to pay for the whitening, what should you do?
- Should you involve a dental fraud specialist?

#### DISCUSSION

##### Do you inform the insurance company about the fraudulent claim?

In the event you determine the dental claim information prepared by your office contained false or mis-



leading information, you have an obligation to inform the insurance company. You should advise the insurance company in writing that the information contained in the claim form was false and that the services submitted were not performed. The dental insurance company may decide to conduct an investigation and possibly involve the police.

##### Should you dismiss the patient?

In the event the patient was knowledgeable of the fraudulent claim, dismissal should be considered. The patient proceeded with whitening with the knowledge it was not covered by her dental insurance. This was established during your informed consent discussion in an earlier appointment. The patient-dentist relationship has experienced a breakdown of trust; mutual fidelity has been lost. Moreover, you are now implicated in a matter which involves the insurance company and potentially the police. While there is no legal requirement to dismiss the patient; severance would be in accordance with your professional and personal ethics regarding theft and fraud.

##### Do you contact your former receptionist?

Contacting your former receptionist should be done only when an inquiry or notification is required. This will usually be precipitated by your advisor or lawyer. All communication with your receptionist should be documented in writing.

##### Are you required to report this to your former receptionist's new employer?

You have no legal requirement to report the incident to the new employer. If you feel a personal obligation to report, then do so only on the basis of what has clearly been established as fact by your advisors. Anything else you say could be construed as slander. Given the facts so far, the only thing you could report is that your office is currently under investigation for insurance fraud which occurred while the former receptionist was in your employ.

If "Jill" contacts you and offers to pay for the whitening, what should you do?

At this point, you have no proof that Jill was involved in the fraud or what her motives

are for suddenly wanting to pay. Accept Jill's payment and advise her you will be adjusting the account to show a credit to her insurance company. A cheque refund to the insurance company should be issued to contra the credit entry on Jill's ledger. If Jill is implicated in insurance fraud, her employer may terminate her service. In offering to pay, Jill may assume it is in exchange for an agreement not to seek legal remedies or pursue the matter further. Although you may feel tempted to do so, you must take this course of action only on the basis of legal advice. (Note: In the actual case, Jill and the receptionist were in collusion. Also, the receptionist used false insurance claims to steal money.)

##### Should you involve a dental fraud specialist?

Yes. A dental fraud specialist will provide you with immediate steps to take; such as how to secure evidence, lock down your practice and how to communicate the incident to staff and external agencies. It is possible Jill's insurance fraud is just one of many in the practice. (In the actual case, the receptionist stole over \$35,000 from the dentist using false insurance claims.) Since many dental frauds occur over long periods of time, the audit trail is complex and involves hundred of transactions. Documentation of each loss for recovery and prosecution purposes can be a long and odious process. The fraud specialist can perform a forensic investigation, prepare employee dishonesty insurance claims and assist with prosecution and recovery.

#### CONCLUSION

Dentists must remain vigilant towards the possibility of fraud in their practice. From time to time, dental office employees are asked by patients to misrepresent statements on their dental claims in order to maximize their coverage. Receptionists may identify with these requests and rationalize they are acting in the patient's best interest when preparing false claims. Some receptionists will use their position to appear magnanimous by helping the patient access 'free' dental services or extra cash. In one case, we discovered a receptionist who prepared over \$45,000 in false claims and receipts. The insurance companies sent payment cheques directly to the plan holders who cashed them. The receptionist and dental plan holders were in collusion and shared in the gains. **DPM**

William (Bill) Hiltz BSc MBA CET is a dental fraud and embezzlement specialist, and can be reached by visiting [www.hiltzandassociates.com](http://www.hiltzandassociates.com)