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Dentist Puts Lid on Fraud and Embezzlement

According to Pat Little, D.D.S., F.A.G.D., C.F.E., embezzlement can affect between 3 and 5 percent of a dental practice's revenue. Little knows a thing or two about that, and he has dedicated himself to helping dentists avoid pitfalls that can lead to fraud and embezzlement. Unfortunately, when it comes to dental practice embezzlement, it's often more senior employees that you need to keep an eye on, Little says.

Ed Rabinowitz

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Pat Little, D.D.S., F.A.G.D., C.F.E., knows something about promotion. That was the biggest challenge he faced early in his career when launching two dental practices from scratch.

“How do you let people know that you’re out there and available,” Little recalls thinking.

Having been raised in a small town, Little looked to establish his practices in similar Georgia locations. And in small towns, word travels quickly.

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“It would have been much more difficult if I tried to do that in a large city,” he acknowledges. “But I didn’t want to buy a practice and go immediately into debt. I just felt more comfortable building something on my own.”

Today, as a [senior fraud examiner for Prosperident](#), Little conducts [embezzlement examinations](#) on behalf of dentists and advises them on matters related to fraud and embezzlement. In other words, he helps dentists “keep what they have built.”

CHANGING PATHWAYS

When Little had to discontinue clinical dentistry due to disability, he enrolled at Kennesaw State University where he began his accounting and general business education. His goal was to become a dental CPA. But after working in public accounting, he decided it wasn’t the field for him.

“I didn’t like taxes and all the things that go with public accounting,” Little says.

But when [one of his clients was embezzled](#), it opened his eyes to the sizeable problem dental practices face. According to Little, two out of every three dental practices will experience fraud and/or embezzlement.

“As a dentist, our primary job function is providing healthcare, so we’re not trained to be business people,” Little says. “We work all day in the back treating patients, so we have to delegate a lot of our duties to someone working up front. So there’s almost a separation between the dentist and the front team member. If the right systems aren’t put into place, it opens up the door for someone to take advantage of the doctor’s trust.”

Serial embezzlers, the type that move from one employer to another, are in the minority, Little says. Most dental practice embezzlers are [senior employees who have earned the doctor’s trust](#) and respect, so more responsibility is delegated their way.

“Most embezzlers start off honest,” Little says. “Then something just happens where they take advantage of all the trust that has been placed in them.”

CHALLENGES ABOUND

Little says he went to dental school to become a dentist. That was his training. When his chosen career path was no longer an option, it was a bit shocking.

“I was in my 40s at that point,” he recalls. “So I was well into my professional career. It’s always a challenge at that age to completely reverse and find something new. That was the most stressful, taking that deep breath

and figuring out what to do.”

Returning to college to obtain his accounting degree at age 47 was a culture shock, Little says, adding that he was old enough to be the father of many of his classmates.

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“My kids were that age,” he laughs. “But I have that analytical personality. It’s something I don’t regret doing.”

Challenges abound in fraud and embezzlement as well. Little explains that most dental practice fraud doesn’t usually involve dollar amounts that reach into the hundreds of thousands. But when the dollar amounts are smaller, they can often be more difficult to detect.

“A smart embezzler will always keep their embezzlement at a low level, because that’s how they avoid being detected,” Little says. “That’s how they move the needle.”

The typical [embezzlement tends to be around 3 to 5 percent](#) of the practice’s collections, Little says. That’s the area where the dentist will first notice cash flow issues. If the employee is disciplined enough to stay below 3 percent, they can prolong the embezzlement for a fair amount of time.

“(The embezzler) can earn a pretty good living at that 2 to 3 percent mark,” Little says. “But what happens is they get greedy. They get away with it for a while and they take more chances, and that’s when the doctor notices.”

The main goal of embezzlement examinations, Little explains, is to confirm whether or not any fraud or embezzlement is occurring. If there isn't any illicit activity, it's important to understand what made the dentist think there was. Recommendations can then be made to change some practice procedures.

"If it is occurring, we want to let the doctor know why it happened, who's doing it, what the technique is, and what the doctor's options are as far as whether the doctor wants to press criminal charges, file a civil suit," Little says.

It's also critical that no one from Prosperident step foot in the doctor's office during an embezzlement examination.

"Everything is done remotely," Little explains. "We want to make sure the suspect has absolutely no idea that an investigation is being conducted."

SATISFYING FEELING

Little says that although he's had to discontinue clinical dentistry, it's still very rewarding knowing that he's serving his profession. He understands where his dental colleagues are coming from; that they went to dental school to become dentists. If he can do something to help them run their practices a little better, or keep them out of trouble, that's his reward.

"One of the things I hear from conference participants when I lecture is they feel comfortable talking to a dentist, because I know exactly what they've been through," Little says. "It gives me a unique perspective."

And that's Little's approach. He knows the field, he knows the jargon. He puts himself in the dentist's position to better understand where he or she is coming from.

"It helps that we come from the same backgrounds."

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