

Austin Area Chapter Association of Certified Fraud Examiners

President's Corner

Shari Daffern, CFE, CIA, CPA

Normally this time of year we would be asking if anyone would be interested in running for office in our local chapter. Last summer your Board adopted the ACFE's suggested Bylaws for local chapters. The Bylaws are available on our web site. These Bylaws require two-year terms for Officers and Board members.

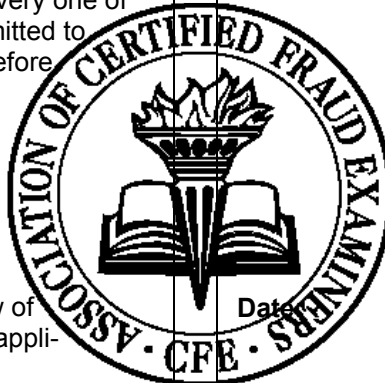
Prior to last year, several of Officers and Board members were unable to complete their terms due to unforeseen work and personal commitments, and new appointments had to be made. I am happy to report that every one of your Officers and Board members has committed to another year of service to the Chapter. Therefore, no elections will be held this April.

The Bylaws also require a presentation of annual financial statements. There will be a brief presentation at our April meeting, followed by our usual program.

Remember to notify Glyn Rogers if you know of someone who is interested in submitting an application for a Chapter scholarship.

The spring seminar is scheduled for Thursday, April 26. The information for our speaker topics will be available soon.

Happy Spring Break!



Chapter Meeting Schedule

Time: 12:00 to 12:50 p.m.
Lunch served promptly at 11:45 a.m.

Location: Nuevo Leon Restaurant
1501 East, 6th Street

Cost: \$11.00 – Chapter Member
\$13.00 – Non-Chapter Member

This Month's Meeting

Date: March 5, 2007

Speaker: Tanya L. Elliott
Deputy Chief Counsel
Office of Inspector General

Topic: The Stark Law
(Anti Kickback Statute)

register on line: www.austinafce.com
or

call 512/389-4813

INSIDE THIS ISSUE

- 2 What You Missed and Board & Committee Members
- 3 Speaker's Biography
- 4 The Spotlight's on You!

What You Missed

Mike Garner, CFE, CIA

If you were not able to attend the February 5, 2007 chapter meeting, you missed a presentation on Healthcare Fraud by Mr. Bill Atwood, CFE, MBA, Self-Employed. Mr. Atwood is our most recent Past-President of the Austin Area Chapter of the Certified Fraud Examiners (2004-2006) and teaches or has taught classes in Fraud Examination and Accounting at UT Graduate School of Business, St. Edwards University, Concordia, and ACC. His fraud related case work includes fraud in the areas of non-profit organizations, oil and gas companies, manufacturing, religious organizations, government, security, retail and software. Mr. Atwood discussed some of the topics that were covered at seminar that he recently attended on Health Care Fraud.

Throughout his presentation Mr. Atwood emphasized that health care is just another business system and should have the controls in place to monitor the charges and protect the consumers as with any other business. Health care is a business contract that has a number of players including patients, providers, suppliers, and payers (the patient, insurance companies, and/or fed/state/local government agencies). Services and/or products are delivered, there is an expense associated with this service/product and there is revenue generated through delivery of the service/product.

Adequate business systems need to be in place to ensure that expenses related to the delivery are minimized and that revenue generated through the delivery is fair and reasonable. The business systems used to monitor and account for the expenses and revenues need to ensure that the following profession practices are in place and monitored.

9. The product/service is authorized - Ensure segregation of duties in the authorization control processes. Ensure there is no activity until it is first authorized.
10. Product/service pricing – Conduct an analysis to determine capacity, fixed costs, variable costs, contribution margins, etc. Use the information from this analysis along with a Return on Investment (ROI) and Return on Assets (ROA) to develop a price for the product and/or service.
11. Deliver the product/service at an established level of quality – Ensure that the product and/or service delivered meet established standards.
12. Deliver the product/service efficiently – Ensure that established performance measures are met.

Continued on page 3

AUSTIN AREA CHAPTER OF
THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS
PO Box 13462, AUSTIN, TEXAS 78711

BOARD & COMMITTEE MEMBERS

FISCAL YEAR 2006

Shari Daffern, President
Texas Water Development Board
shari.daffern@twdb.state.tx.us
512 463-7978

Andrew Prough, Vice-President
Medical Fraud Reviews LLC
andyprough@austin.rr.com
512 262-8760

David Heater, Treasurer
Texas Parks & Wildlife Department
david.heater@tpwd.state.tx.us
512 389-4813

Mike Garner, Secretary
Adjutant General's Department
Mike.D.Garner@tx.ngb.army.mil
512 782-5640

Tracy Bohmer, Director
Health & Human Services Commission
Tracy.bohmer@hhsc.state.tx.us
512 303-3880

Marci Sundbeck, Director
Employees Retirement System
marci.sundbeck@ers.state.tx.us
512 867-7302

Glyn Rogers, Director
Office of the City Auditor
glyn.rogers@ci.austin.tx.us
512 974-2081

Patty Vela, Newsletter
Texas Parks & Wildlife Department
patricia.vela@tpwd.state.tx.us
512 389-4458

13. Bill the payers for the established price of the product/service delivered in accordance with the contract provisions – could be multiple separate bills to the patient, the insurance company, and government agency.
14. Collect revenue for the product/service delivered – Ensure that those billed pay in accordance with the established agreements.
15. Document each of these processes through the information systems developed for this purpose – Each process\accounting system should roll into the next system and if it doesn't roll you have a process breakdown and an increased risk for fraud.

Mr. Atwood emphasized that Health Care Fraud is not any different than other types of business fraud. It includes a material false statement, knowledge that the statement was false, reliance on the false statement by the victim, and as a result there are damages to the victim. In health care as in any other business area not understanding the deal (agreement or contract) can create fraud whether you know the requirements or not.

Mr. Atwood briefly discussed the Health Insurance Portability and Accountability Act (HIPAA) that was enacted by congress in 1996. This act requires the establishment of standards for electronic health care transaction and national identifiers for providers, health insurance plans, and employers. He also discussed examples of fraud in the health care industry including disparity in charges for the same product/service (bill \$150 for a service but only expect a \$75 payment for that service), charges for products/services that could not have been delivered (more treadmill tests in one day than could be conducted in a 24 hour period), selling collections to a collection agency to collect the higher than expected prices (collection agency takes 80% of what they collect and give the provider 20%), and many other examples.

Mr. Atwood then led an audience discussion on Health Care Fraud and closed by answering a number of questions resulting from this discussion.

Speaker's Biography

Tanya L. Elliott
Deputy Chief Counsel
Office of Inspector General

Licensed as an attorney since 1993, she spent 6 years in France in several functions, including teaching at the Paris Bar. In her current employment as Deputy Chief Counsel at the Office of Inspector General she is responsible for personally recovering over \$10 million for the Medicaid program from Providers since 9/05.

The Spotlight's On You!

*A special feature focusing on members of the Austin Area Chapter of
ACFEs*



*Sylvia May has been a member of the Chapter
for the past 4 years and a CFE for 2 years.*

But maybe you didn't know...

Job Description:

Financial Examiner/Auditor

What I'm working on now:

Unfortunately, I am not working on anything too interesting; any ideas? My days are spent reviewing the financial stability of entities which have come to the Texas Water Development Board for financial assistance.

Best part of my job:

VARIETY and occasionally I travel to discuss financial and/or compliance issues.

Ambition and/or Goals:

Perhaps the answer is leading an active life and caring for my loved ones and myself...however, I am still searching.

Years of State service:

This year I will complete 15 years of state service and I am ambiguous about my accomplishment.

My first job:

My first work experiences were as an assistant, whether it was being a secretary, transcriber or receptionist. I knew immediately that my expectations were higher. And once I completed the role of wife and mother, I began my trip.

Hobbies:

I have always enjoyed water sports such as sailing, kayaking and snorkeling. Of late, I have taken up gardening again. This year I might add turkey hunting.

Favorite Movie:

Motion pictures are wonderful entertainment; however, for me, good ones are few and far apart. I relish the star power and the drama. Perhaps the last movie I personally found engaging was the Thomas Crown Affair

Last book I Read:

Newspapers and magazines are more my style.

Favorite foods:

The traditional dinner (steak, seafood and a baked potato) with a glass or two of wine is my love. However, being from Texas, I eat a lot of Tex-Mex food.

My pet(s):

I can't imagine the world without pets. I have been blessed with two great dogs and currently I take care of four cats._

It's a good day when:

...things are "stable" or I am reasonably in control and I can enjoy nature: a few moments outdoors absorbing the warmth and breeze.

Pet Peeves:

Career Politicians and their disregard for the people

What I would do with a surprise afternoon off:

I would feel special and would work on my projects and play with my little ones (grandchildren).