Detecting and Preventing Fraud and Abuse In the Optical Dispensary

Important Considerations
- External theft
- Internal abuse
- Internal theft

Frame Inventory Your Major Investment
- Average start-up = $60,000
- 700 sq. feet = 900 frames
- Average on-going inventory = $40,000 per location

Preventing External Theft: Visual Support
- Security cameras
- Reflecting wide mirrors
- Locking displays
- Windows and/or one-way windows
Examples of Locking Displays

Locking Display

Preventing External Theft: Physical Support Systems

- Locked cabinets/showcases
- Locked frame bars
- No “hidden” displays
- Planogram frame system
- Plugging the frame board holes
- Dispenser’s line of sight
- Monthly physical and scanned inventory
Internal Abuse

Money

Merchandise

Starting Out Right

- Written detailed job descriptions
- 90-day trial period
- Daily receipt log (balances with deposits)
- Individual production reports
- Final contract
- Performance review

Red Flags

- Previously owned optical
- Family owns another optical in area
- Would not re-hire
- No long-term personal development
- Lacks team vision
- Refuses to sign contract

Preventing Fraud & Abuse

- Daily optical deposits
- Optical cash transactions – cash register
- Computer security
- POS tracking system *Cannot be Porous*
- Individual dispenser audit trail
- Accurate insurance claims
- System of checks & balances
Weekly/Monthly Manager’s Report & Responsibilities

- Summarize and reconcile all daily logs
- Track dispensary budget – maintain target
- Maintain frame inventory for patient demographics
- Control cost of goods – set targets
- Maintains profit margins on frames and lenses
- Maintain & increase net profit
- Track, verify & calculate commission for manager(s) & staff
- Train staff

Dispensary Software

- Interfaces with patient records
- Tracks POS in detail
- Complete inventory control
- Detailed financial reports
- Detailed production reports by optician and doctor
- Tracks incentives & commissions
- Controls employee access
- Good technical support

Avoiding Mismanagement

- Owner tracks any transaction – limits employee access
- System of checks and balances
- Inventory control – physical count and bar coded report
- Beginning and ending inventory counts
- Spot check lab invoices to assure proper margins are being met
- Spot check lab invoices to match jobs

Protocols

- Written protocols for internal and external eyewear discounting policies
- Written protocols for optical accountability: hours, daily deposits, computer accessibility, dress code
- Written protocols for vendor relations
- Policy & Procedures Manual
Vendor Protocols

- Document protocols in writing – signed by opticians and vendors
- Any gifts, money, frames, lenses, etc. must go through the proper management channels
- Avoid vendor “Back Door Deals”
- Violations enforced with consequences

Adjustments/Discounts

- Make sure the patient’s optical transaction, excluding proper discounting and non-adapt policies, isn’t “adjusted out”
- Have a firm policy of levels of external and internal discounting, requiring management override
- Doctors don’t over discount
- Make sure insurances adjustments are properly applied after the fact

Margins are SLIM…

Don’t let dispensary fraud and abuse

Questions?

Thank You!

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