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MDS Alert

Security: Make These Changes to Reduce the Risk of Resident Identity Theft

Don't compromise residents' safety or your facility's reputation with shoddy employee policy or protocols.

Curbing identity theft may seem as simple as conducting comprehensive background checks on all employees but adjusting your facility's protocols can go a long way in reducing the risk of the crime.

Although isolated seniors still living at home are probably the most vulnerable to manipulation and theft, nursing home residents have also been victim to identity theft.

Jeffrey J. Barnet, attorney and founder of **Barnett & Leuty, P.C**., in Austin, Texas, points to nursing homes and other businesses causing a staggering 39 percent of the losses accounting for all senior financial abuse. And the guilty parties aren't low-level employees. In a blog post, Barnet quotes a MetLife study claiming that nursing home administrators commit 6 percent of those financial exploitations.

"Frauds committed by legitimate businesses - including nursing homes - tend to result in a higher average loss per incident than losses from friends, family members or strangers," he says.

Medicare's switch to the new Medicare Beneficiary Identifier lessens the ubiquity of the Social Security number's presence in nursing facilities. (For more information, see story in MDS Alert Volume 18 Number 4, Medicare Compliance: Find Out About New Medicare Card Information.) But your residents are still at risk with so much other sensitive information on hand.

Bad-Apple Employees Pose Risk

Numerous employees working in nursing facilities across the country have been charged with crimes associated with identity theft, including throughout the month of June.

Can you predict whether certain employees will break your and residents' trust? Probably not, but access and opportunity could be the biggest factors in the actual occurrence of identity theft or similar fraud.

Barnet highlights different administrators' access to personal information as providing opportunities for fraud and theft, including "diverted Social Security checks, forged or coerced signatures, checks written for cash or the administrator's personal expenses, misappropriated nursing home account refunds, identity theft, [and] improper use of conservatorship." He mentions bookkeepers and office managers, in particular, and says that bad actors may be more likely to take advantage of seniors toward the end of the year.

"Although it peaks at year end, elder financial abuse occurs throughout the year. Americans age 60 and older lost an estimated $2.9 billion to financial exploitation, according to the MetLife study. This estimate exposes just the tip of the iceberg, however. It covers only reported financial abuse cases involving senior citizens," he says.

"For each case of financial exploitation that authorities prosecute, the New York State Elder Abuse PrevalenceStudy estimates that another 44 financial exploitations go unreported. That's why elder financial abuse has been dubbed 'The Crime of the 21st century,'" Barnet adds.

Protect Residents and Facility

Craft policies that protect your residents and reduce your liability and be transparent with prospective and new

residents. Barnet advises residents and their families to do their homework before selecting a facility by asking questions. Know what protocols you should have in place and which answers you'll need on hand.

Conduct criminal background checks on all employees, including physicians, nurses, and caregivers at all levels, Barnet says. He also recommends conducting credit checks on all prospective employees - a legal but sometimes controversial practice that provides no guarantees.

Write a statement of residents' rights, he says, and make sure it's available and accessible to anyone who wants it. Be specific and emphasize residents' rights to privacy and security, and include options and resources for aggrieved residents.

Be prepared to be honest if asked about previous run-ins with employee thievery. Questions like, "Has the facility ever caught an employee stealing - and how was it handled?"

If your facility and management doesn't already have formal policies and procedures in place for investigating allegations of fraud or theft, implement them now. Make sure you have specific "flows" for different situations, including different paths for investigation and specific consequences. Incorporate these situations and consequences into your new employee training, and make sure they're part of an employee handbook or otherwise accessible to employees.

If possible, make an inventorying of residents' valuable possessions part of the admission and care process because residents and their families could pursue criminal charges, insurance claims, or litigation to recoup the value if those items go missing.

And don't forget to evaluate your facility's insurance policies. Insurance may be ultimately responsible for paying out if fraud or theft claims are levied, so make sure your policies will cover any damages.

Beware: If an employee or multiple employees are caught committing fraud, reporters will make sure the story makes headlines. Make sure you're doing everything possible to cover your bases, so the situation is resolved as quickly and fairly as possible.