

## THE RISK JOURNAL

A PUBLICATION FOR MMRMA MEMBERS

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## RISKS IN MEDICAL CARE, PART 5

## Shortages of Healthcare Professionals Pose Significant Risks

by Cindy King, Director  
of Membership Services  
and Human Resources

**THIS SERIES FOCUSES ON** risks in medical settings in recognition of the nearly 70 MMRMA members that provide a wide, diverse array of healthcare services. In this issue, we look at human capital risks in healthcare.

The U.S. Department of Health and Human Services has designated over 500 Michigan facilities as health professional shortage areas (HPSA). This designation is based on an established shortage of primary care physicians, dentists, psychiatrists, psychologists, social workers, nurse specialists, and therapists. Rural areas are most severely impacted by the shortage of healthcare professionals,<sup>1</sup> a fact supported by the experience of our rural healthcare members.

According to the World Health Organization (WHO), "The number of people living in rural and remote areas of the world has dropped to 44.7% of the global popula-



**More than 500 healthcare facilities in Michigan have been designated as health professional shortage areas.**

tion (2018)...however, health worker shortages are more than twice as high in rural areas than urban areas."

WHO states that prior to its 2010 recommendations, "Relatively little research was available on retention alone, with the main focus being on recruitment. However, retention is often considered the greater challenge."<sup>2</sup>

#### **Burnout and other factors**

While the shortage of healthcare workers in rural and remote areas is acute, the issue isn't isolated to those locations. A recent article on Oracle.com states, "All types of healthcare professionals

**While research has focused on recruitment, retention is a greater challenge.**

are in short supply—including doctors, nurses, techs, and aides. The reasons for the shortages vary and are often interrelated. They include burnout, changing demographics, a limited talent pipeline, and the rigors of the medical profession."

The article also notes "the rise in chronic conditions such as diabetes, heart disease, cancer, and Alzheimer's disease (leading to overextended staff at hospitals and long-term care facilities)."

The Oracle article continues: "Shortages of certain kinds of healthcare practitioners, such as nurses and certified nursing assistants, are also due to the relatively low compensation levels and relatively high job demands and education requirements in those fields."<sup>3</sup>

#### **Impact on patient safety**

The impact of operating with a shortage of healthcare professionals ranges from annoyingly long wait times to serious issues such as a rise in mortality rates.

Problems identified by WHO include inaccurate diagnoses, inappropriate or unnecessary treatment, and treatment by providers who lack the needed training and expertise.

<sup>1</sup> <https://www.michigan.gov/mdhhs/doing-business/providers/hpsa/hpsa-and-mua-p-program-overview>

<sup>2</sup> <https://www.who.int/publications/i/item/9789240013865>

<sup>3</sup> <https://www.oracle.com/human-capital-management/healthcare-workforce-shortage/>

*continued on page 3*

# Reducing Financial Risk Through Electronic Transactions

by Cindy King, Director of Membership Services and Human Resources

**THE ABILITY TO TRANSFER** funds electronically has been available in the United States for nearly 50 years. In 1968, a group of California bankers, concerned about the increasing volume of paper checks, formed a Special Committee on Paperless Entries (SCOPE) to study the issue.

In 1972, the American Bankers Association (ABA) sponsored a study to identify ways to improve the nation's payment system. That same year marked the formation of the first Automated Clearing House (ACH) association in California to handle electronic payments. Other regional ACH networks soon followed, and in 1974 they formed Nacha, the entity that sets and enforces rules governing ACH payments. According to the federal Department of Treasury, ACH is the primary system agencies use for electronic funds transfer (EFT).<sup>1</sup>

## EFTs widely used

Today, a vast number of businesses and individuals make electronic funds transfers every day. The Social Security Administration, which began making direct deposits of payments in 1975, now makes 99 percent of all payments electronically.



**Nationwide, losses from check fraud totaled nearly \$1.3 billion in 2018 alone.**

Nevertheless, some organizations continue to write paper checks, a long familiar method of payment. Among their reasons:

- > Avoiding ETF convenience fees
- > Retaining a canceled check as proof of payment
- > Providing better security for bank account information.

## Paper checks raise security concerns

However, in these days of identity theft and other types of financial crimes, paper checks may not be as safe as once thought. Frank Abagnale, the FBI security consultant and renowned forger who inspired the Leonardo DiCaprio movie *Catch Me If You Can*, explains that "Criminals can use the account and routing numbers to make online purchases, and checks are also easy marks for counterfeiters. All they need to do is intercept checks in

## Losses from ACH fraud are protected under federal law if reported to the bank within 60 days.

the incoming mail or shuffle through the accountant's inbox."

Checkissuing.com states: "Check fraud occurs at an alarming rate. It doesn't take a high level of sophistication for someone to steal a paper check from an unattended mailbox and cash it... [A]ccording to the ABA, check fraud accounted for almost 1.3 billion dollars in losses in 2018 alone."

Other drawbacks to paper checks include the time it takes for checks to clear, the cost and inconvenience of processing check payments, the potential for checks to be lost or misplaced, and late payments or bounced checks.

According to Connect Booster, an automated payment provider, "Checks actually cost as much as the labor required to process payment, including accounting staff salaries, additional hours spent updating invoices in the accounting software...trips to and from the bank, and time lost to troubleshooting errors or partial payments."<sup>2</sup>

## Advantages of EFTs

ACH payments are safer, faster, more convenient, easier to track, more environmentally friendly, and less expensive than paper checks, which typically pass through multiple hands, making them more prone to theft or loss.

The website bluxpay.com states: "ACH payments are recognized as a relatively safe payment method. Data from Nacha shows that less than 0.03% of ACH transactions are returned as unauthorized. Further, losses due to ACH fraud are protected under federal law if reported to the bank within 60 days."<sup>3</sup>

*continued on page 4*

<sup>1</sup> <https://www.nacha.org/content/history-nacha-and-ach-network>

<sup>2</sup> <https://connectbooster.com/blog/pros-cons-accepting-checks/>

<sup>3</sup> <https://www.bluxpay.com/blog/are-ach-payments-safe-in-2022-advantages-and-disadvantages>

# Healthcare Staffing Shortages, continued from page 1

Nurseio.com points to many negative effects of staffing shortages:

- > Reduced patient safety and satisfaction
- > Medical errors when details are overlooked
- > Improperly dispensing medications
- > Mistaking one patient for another
- > Overcrowded facilities
- > Professionals spending less time with patients.

### Mitigating the impacts

Strategies to address the shortage of healthcare professionals include a combination of talent attraction and retention and technological efficiencies. In "A Plan for Healthcare Labor Shortage," Forbes.com states that "systemic change should focus on two pillars to avoid a catastrophic loss of talent: making healthcare a safer, more appealing profession for people to work in and modernizing healthcare technology to mitigate waste and inefficiencies."<sup>4</sup>

Forbes cites several examples of the effective use of technology: launch of telehealth platforms during the COVID-19 pandemic, the relatively swift development of multiple effective vaccines, and new patient portals and applications for testing and vaccinations.



**Artificial intelligence helps nurses at McLaren Health Care monitor as many as 1,500 patients instead of the typical caseload of 120.**

### The promise of AI

Forbes predicts an increasing role for artificial intelligence, writing that "AI can never replace physicians or care providers, [but] can augment healthcare delivery...[with] clinical applications such as diagnostics, and operational applications such as appointment scheduling and patient engagement. AI platforms will optimize the time of physicians and clinical staff."

Bridge Michigan, an online news source, describes AI's diagnostic uses, including deciphering patterns in CAT scans undetectable to humans, pinpointing blood clots in the brain, and detecting fetal congenital heart defects through blood testing. "We are in regular contact with patients, but we are doing it through AI," Andrea Phillips, director of care coordination for McLaren Health Care, told Bridge Michigan.<sup>5</sup>

<sup>4</sup> <https://www.forbes.com/sites/joeharpaz/2022/02/04/a-plan-for-healthcares-labor-shortage/?sh=5607ac6543d4>

<sup>5</sup> <https://www.bridgemi.com/michigan-health-watch/how-ai-altering-health-care-michigan>

<sup>6</sup> <https://mphdegree.usc.edu/blog/staffing-shortages-in-health-care/>

Phillips said their AI system allows one nurse to monitor as many as 1,500 patients, instead of a typical caseload of 120. Hospital internal tracking found that the system cut hospital re-admissions by nearly three percent.

### Practical solutions

The University of Southern California's Keck School of Medicine<sup>6</sup> offers several practices to help find and retain qualified staff:

- > Customized recruitment and retention programs
- > Engagement and job satisfaction. Workers want to feel a sense of ownership and independence.
- > Flexible scheduling. Workforce planning and scheduling are fine arts. Providers are turning to AI and other scheduling tools to staff each shift appropriately and avoid overworking staff.

### LONG-TERM STRATEGIES

**USC's Keck School of Medicine proposes these long-term strategies:**

**Invest more in public health.** Spending on public health programs and initiatives can help reduce the burden on hospitals.

**Full practice authority for nurse practitioners.** Most states require nurse practitioners to practice under the authority of a physician. Allowing NPs to have full practice authority can help alleviate shortages.

**Greater diversity and equity.** Recruiting more minorities to become nurses and doctors can help fill the pipeline. Professionals with the same cultural background as patients may improve their quality of care.

**Wider use of telemedicine.** People who live in rural and other underserved areas will have easier access to medical providers than an in-office visit.





*Detroit's Eastern Market is the country's largest historic public market district, listed on the National Register of Historic Places. Since 1891, it has offered the best of Michigan's produce, flowers, meats, and more than 150 specialty foods. Each spring, the market blooms during its annual Flower Days. Murals on adjacent buildings are a colorful addition.*

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### Managing the risk of fraud

While both paper checks and electronic funds transfers carry some risk, electronic transactions are more efficient and convenient, especially when time—waiting for funds to be available, and the staff time needed to process paper checks—is factored in.

Banking giant Capital One, noted for its sophisticated technology, recommends the following to protect against ACH fraud:<sup>4</sup>

**Maintain cybersecurity protections.** Train all staff on safe computer, email and internet practices, and update malware and antivirus software across your network.

**Implement limits** on who within your organization can approve or initiate ACH and wire transfers. You can set up dual authorization and limits on how much money can be withdrawn through ACH payments.

**Limit the number of checks** your company issues and who can order or have access to them.

**Use Positive Pay**, which verifies new check or ACH requests against records and parameters set by your company. If an unreported check or ACH payment from an unauthorized vendor tries to go through, the bank will alert you to confirm that you authorized the transaction.



### Electronic payment processing systems use advanced cybersecurity protections to guard against fraud and theft.

You can also set up blocks on your accounts to prevent check or ACH transactions entirely.

**Confirm changes to vendor accounts** directly with the vendor in writing, not just through email or text.

**Enroll in your financial institution's fraud alert** programs, and designate one or two people at your company to respond to all notifications of suspicious activity. This helps the bank verify that your company, not a fraudster, is actually approving transactions in question.

**Reconcile your accounts daily.** Scammers often continue making fraudulent transactions until their

attempts are blocked, so detecting fraud immediately helps prevent future fraudulent transactions.

### Shifting to electronic transactions

Given our technology focus, MMRMA seeks to conduct financial transactions electronically to the fullest extent possible. This includes processing payments for vendors, claims, grants, and net asset distributions.

Fortunately, most of our members have also chosen to process financial transactions electronically. Over the coming months, we will work with remaining members to facilitate their ability to process payments electronically while using cybersecurity protections to guard against fraud, theft, and other types of cyber crimes.

Embracing electronic financial transactions is another way MMRMA is working to improve efficiencies, yield cost savings, and further enhance the member experience.

<sup>4</sup> <https://www.capitalone.com/commercial/insights/protect-from-ach-check-fraud/>