Fraud encountered in medical accounting – A analytical study of Apollo Hospital

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Abstract:
Currently, medicines play an important role in everyone's life. The paper investigates the financial fraud detection in medical accounting and usage of business intelligence. The study aims about causes and methods of fraud detection in medical accounting. Also deals with control of fraudulent financial transaction in medical accounting.

Key terms: Financial fraud detection, medical accounting, business intelligence, fraud detection, fraudulent financial transaction.

Introduction:
Health care accounting system is different from accounting done in companies. Accrual accounting is one of the standards for healthcare accounting.
There are many types of medical accounting fraud in various fields. Business intelligence is a software technology used widely in businesses these days, which also plays a vital role in fraud detection in medical accounting.

Literature review:
- Deana Thorps, and Tracy Harding, (2020): The title of the research was “Auditing fraud risk during a pandemic”: A study on fraud encountered in auditing of institutions during the pandemic. The study goal was to understand the types of fraud that auditors are primarily concerned with are fraudulent financial reporting and misappropriation of assets.
- Adam Miller (2013) The title of the research was “Exposing medical Fraud: One of the last taboos in society”: A analytical study about medical fraud in various institutions across the world.

Objective of Research:
- To explore methods of fraud detection in medical accounting.
- To manage fraudulent financial transaction in medical accounting.

Problem statement:
Null hypothesis
Researchers take the hypothesis that business intelligence and various other methods can detect the fraudulent activities in medical accounting.

Research methodology:
- Types of data: Secondary data
- Data collection: Data collected from the annual report of the hospital.
- Analysis tool: comparative analysis

Research analysis and Interpretation:
Case study on Apollo fraud case:
The hospital was accused of raising fake bills of `5.86 lakh. The patient admitted to Apollo Hospitals was under the cashless treatment, but the hospital raised the bill of `5.85 lakh.
Interpretation:
This graph gives the data of improper payments in the US government programs from 2012 to 2019.

Interpretation:
This graph gives the data of fraud statistics from False Claims Act in years 1985 to 2020.

Comparative analysis:
Comparing the balance sheets of 2020 and 2021
Interpretation:
The total assets and liabilities for FY21 is Rs 124 billion and Rs 123 billion during FY20, thereby a growth of 1%.

Ratio Analysis

<table>
<thead>
<tr>
<th>Particulars</th>
<th>12 Mar-20</th>
<th>12 Mar-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current ratio</td>
<td>x 1.1</td>
<td>1.8</td>
</tr>
<tr>
<td>Interest coverage</td>
<td>x 2.2</td>
<td>1.5</td>
</tr>
<tr>
<td>Debt to equity ratio</td>
<td>x 0.9</td>
<td>0.5</td>
</tr>
<tr>
<td>Return on assets</td>
<td>% 7.9</td>
<td>4.7</td>
</tr>
<tr>
<td>Return on equity</td>
<td>% 13.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Return on capital employed</td>
<td>% 19.3</td>
<td>9.5</td>
</tr>
</tbody>
</table>

Interpretation:
Current Ratio: The company's current ratio improved and stood at 1.8x during FY21, from 1.1x during FY20. The current ratio measures the company's ability to pay short-term and long-term obligations.

Interest Coverage Ratio: The company's interest coverage ratio deteriorated and stood at 1.5x during FY21, from 2.2x during FY20. The interest coverage ratio of a company states how easily a company can pay its interest expense on outstanding debt. A higher ratio is preferable.

Findings:
The researchers came out with these key findings,
- Business intelligence can be used to detect and prevent fraud in medical accounting.
- Frequent analysis of financial statement and ratio analysis to be done to avoid fraudulent statements.
- Net profit has declined from 3.9% in FY20 to 1.3% in FY21.

Recommendations (Suggestions):
The researchers recommend the company focus on these points,
- The hospital’s financial position is increased from 2021 to 2022 as a result of improvement in its profitability.
- Since the net profit is positive, the future performance of the hospital should be improved to a higher level.
- With the drop in the debt ratio in 2022, this is a positive scale for the hospital and beneficial for the future of the hospital.
- Segregation of Duties
- Maintaining proper financial statement.

Limitations of the study:
1. The time taken to do this inquisition is less.
2. The above-mentioned interpretation, findings, and recommendations are only based on the researcher's standpoint.
Conclusion:
According to the analysis conducted, the researcher analyzed, business intelligence and various other methods can detect the fraudulent activities in medical accounting. Business intelligence application can even be used to identify the fraudulent transactions and reduce the risk of fraudulent activities. Controlling fraudulent transaction can increase the profitability and reputation of the institutions. Thus, the researcher's hypothesis is true.

References:
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