



# Healthcare Risk Management™

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## Large pill theft shows challenge of securing hospital drugs

*Staff steal 370,000 pills, loss not detected for months*

**D**rug theft is a vexing problem for any health care provider, but a health system in Texas is finding that the thefts can be on such a scale that federal investigators become interested and the community starts asking how the provider could have let the thieves continue for so long.

The Texas State Board of Pharmacy reacted forcefully to the thefts of 370,000 pills from The Parkland Health and Hospital System of Texas by what hospital officials and police say was a coordinated team of health system employees and criminals who sold the tranquilizers and painkillers on the street. In May, it levied \$20,000 in penalties against Parkland for failing to prevent the massive narcotics theft, among the largest fine ever imposed for pharmacy wrongdoing in Texas, according to a statement released by the board of pharmacy.

The hospital system's troubles may not be over, however. Ron Anderson, MD, Parkland's president and chief executive, issued a statement saying the hospital system is cooperating with the federal Drug Enforcement Agency and Justice Department prosecutors as they investigate the narcotics loss. Parkland discovered the problem in 2007 and it alerted regulators and fired some employees, including a supervising pharmacist who the health system

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### EXECUTIVE SUMMARY

A Texas hospital system is under investigation for a series of drug thefts within the hospital. Employees and outsiders worked together to steal drugs and sell them on the street.

- The health system has been fined, may face other sanctions.
- Safeguards were in place to discourage theft.
- The provider revamped its drug security program and hired a drug diversion officer.

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says alerted subordinates to the Parkland investigation.

The federal Drug Enforcement Administration reports the dismissed head pharmacist was identified by the health system and police records as Ronald Woody. A police affidavit indicates he told investigators “he had warned the pharmacy technicians of the ongoing theft investigation and

that they needed to watch their backs, because they were all suspects,” according to *The Dallas Morning News*.

It is important to note that Parkland self-reported the incident and asked the appropriate agencies to investigate, says **Candace White**, spokeswoman for the hospital. The hospital also sent a detailed letter to the State Board of Pharmacy explaining what hospital officials knew of the thefts and what actions had been taken in response.

In the letter, the hospital says that “despite its commitment to improving the health and wellness of a culturally diverse community with a growing indigent population, Parkland was the victim of five employees, some of whom operated as a coordinated criminal ring, who abused their positions of trust within Parkland.”

The hospital confirms that during 2007, five Parkland employees and two outsiders stole 500-count bottles of hydrocodone 10/650 mg, hydrocodone 5/500 mg, diazepam, alprazolam, and lorazepam. The drugs cost the hospital \$13,247.59.

Most troubling are reports that the drug thefts went for nine months to a year before being discovered, says **Julie Malida**, SSA, MAAA, principal for health care fraud at The SAS Institute, a software company with a consulting group that addresses fraud and financial crimes, based in Cary, NC.

“With the appropriate inventory tracking and the appropriate data analytics applied against that inventory management, there should never be a 9-month or 12-month period of loss before missing prescriptions are noticed,” Malida says. “Inventory management should require multiple sign-offs before scripts can be dispensed, even if it is an automated dispensing process. Data analytics can examine prior patterns of dispensing and apply sophisticated modeling, rules, and linkages, to determine what spikes may constitute an outlier. This would enable the hospital and/or pharmacy to stop the bleeding before nine to 12 months of losses occur.”

Such an extensive theft ring should not go unnoticed for months if the provider uses a tracking system that records drug inventory and all drug transactions, scanning on a regular basis for variances, Malida says. The data must be reconciled at the end of the day or the end of the week, and then analytics utilized to look for patterns of commonalities among any variances, she says.

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Editorial Questions

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“The advanced analytics will look for patterns and outliers that will reveal your problem much sooner than letting a year go by and realizing that 60% of your Valium and 10% of your hydrocodone is missing,” she says. “You would never have to wait an entire year to discover those aberrations.”

Data analytics also would help you spot collusion among employees, such as was reported at Parkland. Malida points out that data analytics software will flag details that may be overlooked by investigators, such as the same people being involved in some or all of the thefts, or a pattern such as every tenth pill being stolen, or the same person signing for all the missing prescriptions.

“The first line of defense is having appropriate tracking and reporting processes in place,” she says. “The second step is that, whether you use advanced analytics or not, someone has to be looking at the data on a regular basis. You can have a great inventory control system and security measures in place, but if you don’t look at the data regularly and often, and deeply enough, you won’t know if those measures are working.”

## SOURCES

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