

Component II: Administrative

Module C: Medical Office Finances

Topic 3: Banking

Statement of Purpose

To prepare the learner with basic knowledge and skills necessary to perform banking procedures.

Student Learning Outcomes

Upon completion of this topic, the learner will be able to:

1. Spell and define key terms.
2. Identify common types of bank accounts.
3. Describe various types of checks.
4. Identify common types of credit cards used for payment of services.
5. Discuss procedures for writing and accepting checks.
6. Prepare deposit slip from day sheet.
7. Explain the purpose of a safe deposit box and an office safe.
8. Describe banking services available online and electronically.

Terminology

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| 1. American Bankers Association (ABA) number | 16. Money market account |
| 2. American Express | 17. Money order |
| 3. Balance | 18. Office safe |
| 4. Bank draft | 19. Online banking |
| 5. Bank statement | 20. Payee |
| 6. Cashier's check | 21. Payer |
| 7. Certified check | 22. Power of attorney |
| 8. Check | 23. Regular checking account |
| 9. Deposit | 24. Safe deposit box |
| 10. Discover Card | 25. Service fees |
| 11. Electronic banking | 26. Telecheck |
| 12. Endorsement | 27. Third party check |
| 13. Interest bearing checking account | 28. Traveler's check |
| 14. Limited check | 29. VeriSign |
| 15. MasterCard | 30. Visa |
| | 31. Voucher check |

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Content Outline/Theory Objectives	Suggested Learning Activities
<p>Objective 1 Spell and define key terms.</p> <ul style="list-style-type: none"> A. Review the terms listed in the terminology section. B. Spell the listed terms accurately. C. Pronounce the terms correctly. D. Use the terms in their proper contexts. 	<ul style="list-style-type: none"> A. Games: word searches, crossword puzzles, Family Feud, Jeopardy, bingo, spelling bee, hangman and concentration. B. Administer vocabulary pre-test and post-test. C. Discuss learning gaps and plan for applying vocabulary.
<p>Objective 2 Identify common types of bank accounts.</p> <ul style="list-style-type: none"> A. Practices can select a commercial, savings and loan, or credit union for its banking services. Some banks do not offer all the services needed for electronic banking. B. Features that may differ from bank to bank <ul style="list-style-type: none"> 1. Fees for checks. 2. Cashier checks. 3. Traveler's checks. 4. Per check fees. 5. Interest. 6. Monthly fees. 7. Notary. 8. Safe deposit box. C. Checking accounts <ul style="list-style-type: none"> 1. Regular checking accounts <ul style="list-style-type: none"> a. Money readily accessible. b. Checks provide legal documentation of practice expenses. c. Monthly service charge may be assessed and money does not increase in value. 2. Interest bearing checking or money market accounts <ul style="list-style-type: none"> a. Guidelines need to be followed or account will not earn interest. b. This type of account may be used to pay insurance premiums or quarterly taxes. 3. Savings account <ul style="list-style-type: none"> a. Used for money that is not needed for current expenses. b. Earns interest at a prevailing rate. 	<ul style="list-style-type: none"> A. Lecture/Discussion B. Assigned Readings C. Have students research the features of a business account at a local bank.
<p>Objective 3 Describe various types of checks</p> <ul style="list-style-type: none"> A. Certified check <ul style="list-style-type: none"> 1. Has been authorized by a bank official and funds have been set aside to cover the check and verified by a stamped certification. 	<ul style="list-style-type: none"> A. Lecture/Discussion B. Assigned Readings C. Have students research the benefits of subscribing to

<p>2. This type of check is not used very often.</p> <p>B. Cashier's check</p> <ol style="list-style-type: none"> 1. Is purchased from a bank and is guaranteed. 2. It is written on the bank's own checking account. <p>C. Money order</p> <ol style="list-style-type: none"> 1. Is a check purchased for a fee and used when personal checks are not accepted or available. 2. Patients may use this form of payment. <p>D. Travelers check</p> <ol style="list-style-type: none"> 1. Is used for traveling or when personal checks are not accepted. 2. Printed in denominations of \$10, \$20, \$50 or \$100; checks are signed at the financial institution by the payer. 3. Upon presentation, the check is signed again by payer. Thus, two signatures of the payer are required. <p>E. Warrant</p> <ol style="list-style-type: none"> 1. Shows that a debit is due because services have been rendered. 2. Issued by government and civic agencies. <p>F. Voucher check</p> <ol style="list-style-type: none"> 1. Used to itemize or specify purpose for which check is drawn. 2. Convenience for payer. 3. Voucher portion is removed before presenting check. <p>G. Personal check, most common check rendered at a medical practice.</p> <p>H. Check verification</p> <ol style="list-style-type: none"> 1. VeriSign. 2. Telecheck. 3. Other check verification services, e.g. electronic check transfers. 4. Personal accounts. 5. Government accounts. 6. Insurance accounts. 	<p>VeriSign</p> <ol style="list-style-type: none"> 1. www.verisign.com <p>D. Divide students into two groups and have each group prepare a patient education brochure to encourage patients to make electronic deposits for their copays and financial responsibilities.</p>
<p>Objective 4 Identify common types of credit cards used for payment of services.</p> <ol style="list-style-type: none"> A. American Express. B. MasterCard. C. Visa. D. Discover Card. E. ATM/Debit cards. F. Medical credit cards. G. Verification of authenticity <ol style="list-style-type: none"> 1. Name on card matches patient or person designated with financial responsibility. 2. Authorization code is verified for amount charged. 	<ol style="list-style-type: none"> A. Lecture/Discussion B. Assigned Readings C. Have students work in two groups and research one medical credit card available. Each group will make a presentation to the class on the card they chose and the details of obtaining the card, benefits, advantages, disadvantages, etc.

Objective 5**Discuss procedures for writing and accepting checks.**

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| <ul style="list-style-type: none">A. Written legibly and in ink.B. May be computer generated.C. Facility may use a check writer for printing the amount<ul style="list-style-type: none">1. Endorses the paper.2. Prevents forgery.3. Uses colored inks.D. The first step is to fill in information on voucher<ul style="list-style-type: none">1. Date.2. Payee name.3. Amount.4. Check number.5. Purpose.E. Write the name of payee at area designated "Pay to the order of"<ul style="list-style-type: none">1. Do not use title of persons.2. If it is an officer of an organization, add title at end such as "John Smith, President".3. Start at the extreme left of the line.F. Write amount of check in words on line below or above payee's name, depending on print of check<ul style="list-style-type: none">1. Draw line to extreme right to the word dollars, so no additional words can be inserted to increase the amount of the check.2. Separate dollars and cents by using the word "and", then write the cents portion as a fraction.G. If space permits on the check write the purpose of the check payment at the area noted as "memo".H. Get authorized payer signature.I. Endorser transfers all rights of the check to another party.J. Endorsement is made in ink with a rubber stamp at the medical facility.K. Endorse no more than 1 ½" from the trailing edge of the check.L. Blank endorsement<ul style="list-style-type: none">1. Payee signs only his or her name.2. Common for personal checks.M. Restrictive endorsement<ul style="list-style-type: none">1. Besides signing the company's name or endorser's signature, words such as "for deposit only" are added so checks can't be used for any purpose other than stated.2. The account number is also noted.N. Limited and full endorsements<ul style="list-style-type: none">1. Includes words specifying the person to whom the endorser makes the check payable.2. Are used to sign over insurance checks to the medical practice.O. Be sure to inspect checks thoroughly before | <ul style="list-style-type: none">A. Lecture/DiscussionB. Assigned ReadingsC. Provide students with simulated scenarios to write checks for medical services using patient records.D. Students exchange records and checks to be sure all is correct. Identify errors in the checks.E. Have students endorse checks using one of the endorsements identified.F. Give students copies of good and bad checks and have them identify if the check should be accepted or rejected and why. |
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<p>acceptance</p> <ol style="list-style-type: none"> 1. Date on check is not over 6 months old. 2. For a "limited" check, there is a time limit during which the check is negotiable; cannot be postdated. 3. Make sure payee line is correctly made out to the medical practice. 4. Numerical amount of check and written amount of check must agree. 5. Affixed signature (payer) has signed the check; person who signed the check is listed on the check. 6. If check states "paid in full", verify this comment. <p>P. Current address and phone number.</p>	
<p>Objective 6 Prepare deposit slip from day sheet.</p> <ol style="list-style-type: none"> A. Deposit slips are recorded simultaneously, checked and balanced at the end of the day and taken or sent to the bank. B. Negotiable funds <ol style="list-style-type: none"> 1. Personal check is considered a negotiable instrument <ol style="list-style-type: none"> a. Written and signed by a maker; contains a promise or order to pay a sum of money. b. Payable on demand. c. Payable to order or bearer. 2. Bank draft. 3. Cashier's check. 4. Certified check. 5. Money order. 6. Travelers check. C. Bank Codes <ol style="list-style-type: none"> 1. American Bankers Association (ABA) number. 2. Magnetic ink character recognition <ol style="list-style-type: none"> a. Found at the bottom of check. b. Represents a common machine language readable by machine and humans. 	<ol style="list-style-type: none"> A. Lecture/Discussion B. Assigned Readings C. Give students a sample daily sheet and have them prepare a deposit slip identifying cash and checks.

<p>Objective 7 Explain the purpose of a safe deposit box and an office safe.</p> <ul style="list-style-type: none"> A. Provides protection for valuable papers (such as provider contracts) and personal property. B. Safe deposit box is a metal container inside a locked compartment in the bank and requires two keys to open <ul style="list-style-type: none"> 1. One key is issued to customer and the other the bank retains for their use. 2. Usually has a monthly or annual service fee. C. Requires authorization signature to open each time. D. Office safe is also used for protection of valuable papers (such as prescription pads) and personal property within the office. 	<ul style="list-style-type: none"> A. Lecture/Discussion B. Assigned Readings
<p>Objective 8 Describe banking services available online and electronically.</p> <ul style="list-style-type: none"> A. Online banking should be completed only through the use of secure and unique passwords granted to only those individuals deemed necessary. B. Online banking services <ul style="list-style-type: none"> 1. Deposit checks received. 2. Authorize electronic payments. 3. Check account balances. 4. Transfer funds between accounts. 5. Pay bills electronically. 6. Check credit card balance. 7. View images of checks and deposits. 8. Download account information 24 hours a day 7 days a week. 	<ul style="list-style-type: none"> A. Lecture/Discussion B. Assigned Readings C. Have students research and discuss security issues with electronic online banking.