

Little Known Easy and Valuable Business Account Protection – *A service that most practices and CPAs are unaware of!*

By Jeff Holt, CMPE, VP, Senior Healthcare Business Banker with PNC Bank



When I speak with CPAs, Medical Billers, doctors and practice managers about some easy ways to protect a practice's business checking account, I always include details about UPIC (Universal Payment Identification Code). I find it is very interesting that so many have never heard of this simple low cost valuable service. The level of protection (unauthorized electronic debits), and ease with changing where you bank (in relation to changing ACH deposits) makes this service essential to most practices and businesses.

In one of my recent presentations to Tom Abrassart, CPA, CFP, CGMA and Janelle Zell, Staff Accountant with Longwood CPA they each were very excited about the value of UPIC and amazed that they were just finding out about it. After our meeting Janelle Zell wanted to educate others about UPIC and wrote the following article:

As an accountant, if I didn't highlight an internal control that could be implemented immediately, which could also improve cash flows, at a minimal cost, I would be doing a disservice to the profession. I would like to share something that I learned about in a recent meeting with banking colleagues which can accomplish all of this for businesses, especially medical practices.

It's called a UPIC[®], an acronym for Universal Payment Identification Code. I view this as an invaluable tool for any business receiving direct deposits, in particular, medical practices receiving insurance reimbursements. A UPIC is basically a virtual bank account with a universal routing number that allows electronic (ACH) credits only, with no debit functionality. Since the routing number is not tied to a specific financial institution, it's portable and all banks have access to provide this service to their clients.

From an internal control standpoint, no one is able to make debits to a UPIC, as only credit transactions can be processed. No worry of employee embezzlement, no worry of cyber-based

withdrawals. Whew! I don't know about you, but I'm feeling more secure just thinking about this facet.

Using a UPIC, you are able to freely print a routing number and account number onto invoices or on your website to encourage your patients or clients to make payments electronically. I promise that you, as well as your accountant, will be thrilled with a faster collection period and improved cash flows!

For a medical practice, a single UPIC routing and account number could be given to all reimbursing insurance companies who make direct deposits to the practice. Think about this for a moment...for a nominal fee (around \$5 per month, per UPIC, but please contact your bank for further details), you have total protection against unwarranted debits and portability, should you decide to switch banking relationships, with no downtime or menial paperwork to process with the insurance companies.

Internal control, improved cash flow, and freedom...seems like a no-brainer for insurance reimbursements or any other business with a heavy flow of ACH deposits.

Attention physicians, office managers, and owners of small businesses:

If you're not using this tool already, do yourself a favor and contact your bank to inquire further. In the meantime, the image below illustrates how UPICs work (*photo credit – www.theclearinghouse.org/UPIC*):

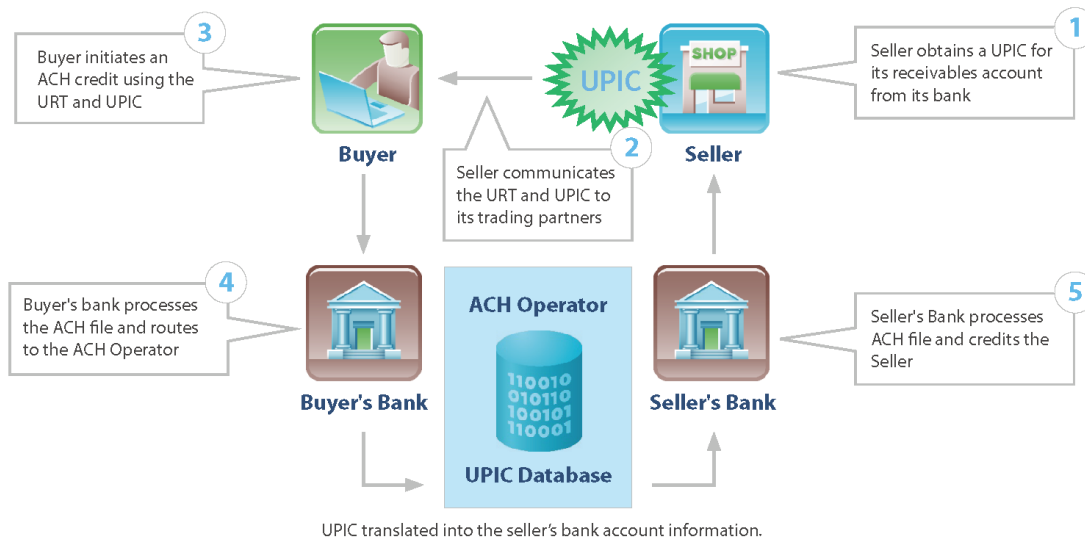
What is a UPIC®?

A UPIC is a unique account identifier that enables an organization to publish electronic (ACH) payment instructions to customers without exposing confidential banking information.

- UPICs look and act like bank account numbers with a universal routing/transit number
- Available for credit payments only, no debit originations
- Issued and maintained by financial institutions
- Portable – UPICs remain with the company even if account numbers or banking relationships change

How UPICs Work

UPICs are issued and maintained by financial institutions and are portable. They are for credit payments only and remain with the company even if account numbers or banking relationships change.



Companies from more than 30 industries use UPICs:

- Agriculture
- Apparel
- Automotive
- Communications
- Computer Manufacturing
- Construction Services
- Distributor
- Education
- Employee Benefits Services
- Financial Services
- Food Products
- Fuel Distribution
- Fund Raising
- Health Services
- Hospitality
- Medical Technologies
- Membership Organizations
- Paper Products
- Public Finance
- Real Estate
- Retail
- Transportation
- Utilities
- And more...

Please contact me with your questions, so that you can make an educated decision for what is right for you and your practice!

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