

## 2012 Year-end Business and Tax Planning

By: Jerry Callahan of Kassouf & Company, P.C.



It's amazing to think about another year having passed by. It's probably another year that many of us had "round-to-it's" that never received the proper attention. So with that in mind, here are some items that we are recommending that you review:

### Debt

2012 continued the trend of record low interest rates for businesses and individuals. With that in mind, review all of your outstanding debt to determine that you have the most advantageous structure. If you are on a floating interest rate arrangement, maybe now is the time to lock in a fixed rate. If you are utilizing leasing as a financing tool, verify that the internal interest rate remains competitive. As always, monitor open lines of credit and utilize the cash management tools your bank has available to you to reduce the outstanding balances subject to interest charges.

### Facilities

If you are renting your office space, verify the lease expiration and the provisions to renew the lease. It is important to verify the CAM (Common Area Maintenance) charges you are being asked to share in as a tenant. Finally, verify that the rate per square foot remains competitive as the rental market continues to change.

If you have purchased a building, sizeable tax savings can result from a Cost Segregation Study which in effect separates a building into its structural components and depreciates components of the building over a much shorter life than the traditional 39 years. The IRS has also simplified procedures to allow taxpayers to amend tax returns for depreciation deductions they were eligible for in previous years.

### Equipment

For 2012, take advantage of the accelerated tax deduction up to \$139,000 in new and used equipment purchases during the year. If you are above the \$560,000 threshold in equipment acquisitions that prohibits the accelerated deduction, you are still eligible for Bonus depreciation of 50 % of the acquisition cost of all equipment. Both of these provisions are set to expire at the end of this year.

### Employee Management, Compensation and Fringe Benefits

At least once a year, it is important to review your employee handbook to verify that you understand the policies established by the practice. Often you will find the actual procedures being used by your practice differ from your policies.

Provide a summary of wages and fringe benefits to your employees at the end of each year. They (and you) will be surprised to learn what their true hourly rate costs your business.

Finally, have an idea as to what each staff position in your practice is worth in the community from a compensation perspective. This will prevent you from overcompensating a long-term employee or potentially losing an undercompensated, valued member of your team.

### Insurance Review

Insurance review is one of the most underrated processes that a practice does each year. It is important to meet with your agent(s) each year to review all of your coverage. Make sure your agent understands your business, walk them through all of the activities of your practice from the office person driving to make the daily bank deposit to a physician treating a patient in the exam room. Typical coverage we encounter include: professional liability, property and casualty, employee dishonesty bond, ERISA bond, business liability, employee benefits, employee liability, workers compensation. **Newer coverage on the market include policies for Cyberliability and defense policies for governmental and compliance investigations.**

Also, take time to review your life, disability and long-term care coverage. These types of coverage can be purchased either as an individual or as a part of your group or in coordination with each other. If you are a member of a smaller group, business overhead coverage should be considered.

### Compliance and Legal Document Review

An annual review of your practice legal documents could save unnecessary legal costs and unintended results in the future. When documents are reviewed prior to a triggering

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event, the emotional aspects are reduced and the economic and practical aspects are easier to determine. Documents that should be reviewed include employment contracts and stock transfer agreements. Review the documents against the financial statements and economics of your practice. Determine the effects of the documents from both the individual physician terminating and the group that remains - it is possible to strike a balance of fairness, especially when emotions are not clouding the issues.

Dust off that HIPAA manual and determine it includes both Privacy and Security. Perform an audit of procedures to determine your practice is in compliance. IT security should be verified and a risk analysis conducted. Finally, determine that you have a corporate compliance plan and it is being followed.

### Revenue Cycle Management

How often do you review key performance indicators? Benchmarking is a critical part of a year-end review, even if you compare your data with similar data from prior periods. It's one of the best opportunities to verify that operations are working well. Important key performance indicators include gross collection rate; net collection rate; days in accounts receivable; payer mix; credit balances and aging of accounts receivable by date of service. It's best presented in graphs as it gives a visual interpretation of a volume of empirical information.

An operational review of your revenue cycle should be performed periodically either by your internal staff or external consultants. It is vital to verify that all claims are being submitted timely and are being appropriately transmitted through the electronic claims clearing house. Review the charges for each procedure your practice performs against prevailing fee schedules. Review your insurance company remittance forms. If your practice is being paid in full for a service, it should be a clue that additional reimbursement may be available to the practice. The remittance also provides valuable information about the efficiency and timeliness of your revenue cycle.

### Conclusion

As with all business matters, it is important to have trusted advisors that can assist you in proactively reviewing and implementing many of the above discussed items. Attention to the internal details of your practice will ensure its financial success and make it a positive work environment for you and your staff.



## Alliance Holiday Program

Alabama's First Lady, Dianne Bentley, will address the JCMS Alliance at its Annual Holiday Program on December 4, 2012. Mrs. Bentley will discuss her experiences as First Lady as well as some of the projects and initiatives in which she has been involved. One of her initiatives is collecting and recycling cell phones for use by battered women-so bring along your old cell phones. Mt. Brook High School's choral group, "A Bunch of Guys", will also perform. Tickets are \$25 per person for the event which will be held at 10:30 at the home of Peter and Susie Jander. For reservations, contact Cindy Ostrowski at 956-4411 or [dmostrowski@aol.com](mailto:dmostrowski@aol.com).

## In Memoriam

The JCMS wants to acknowledge the recent passing of the following JCMS members:

*Youssef N. Makar, M.D.*  
November 8, 2012

*Ronald C. McCoy, M.D.*  
November 11, 2012

## Ask Robin Long for your MEMBER DISCOUNT!!

The Jefferson County Medical Society has arranged for its members to receive special discounts for collection and billing services. By special agreement with Healthcare Financial Services, LLC (HFS), members will get outstanding collections results and services while paying low contingency fee rates...no results, no fees for JCMS members. Take advantage of your JCMS affiliation and call Robin Long at 601-420-1242 or 1-877-747-7072 (Client Services). Your benefits will be worth the call as HFS designs a special campaign for your specific needs. Be sure to mention your membership with JCMS to receive the discounted rate.

(See ad on page 5)



## JCMS Alliance Update

### “Who Has the Physician’s Back?”

On Tuesday, October 16, 2012, members of the Jefferson County Medical Society Alliance and the Jefferson County Medical Society gathered at Vestavia Hills Country Club to hear a distinguished panel discuss “Who has the Physician’s Back in Alabama?” The panelists were Dr. Darlene Traffanstedt, JCMS President; Mark Jackson, Director of Legislative Affairs for the Medical Association of the State of Alabama; and Dr. Jorge Alsip, Chief Medical Officer of the University of Alabama, past president of the Medical Association of the State of Alabama and delegate to the American Medical Association. Each panelist explained how the organizations they represent works to be the voice of physicians in Jefferson County and throughout the state -- and how their work can have an effect at the national level.

- **Some takeaways from “Who Has the Physician’s Back?”:**

1. **JCMS** -- Dr. Traffanstedt reported that she, members of the Executive Committee and JCMS Executive Director, Martha Wise, have had a number of meetings with Tony Petelos, Jefferson County Manager, members of the County Commission, the Birmingham Business Alliance and others over the last several months in an effort to ensure that physicians have a voice in the process of converting Cooper Green from an inpatient institution to an outpatient-only facility. While area hospitals reportedly have been involved in the discussions from the beginning, no provision has been made regarding the compensation of private physicians on call in local emergency departments or others who may care for these patients. While Dr. Traffanstedt and the Medical Society have worked hard to address this problem, they could use some help from us. We urge you to contact your county commissioner and remind them that hospitals provide facilities, not care -- that comes from physicians. The physicians who will be caring for these patients should be involved in formulating the plan for the care of these patients.

Members of JCMS and JCMSA are encouraged to contact their County Commissioner and emphasize that provisions must be made to reimburse physicians as well as hospitals who provide care for indigent patients. Dr. Traffanstedt pointed out that, at a meeting with representatives from the Birmingham Business Alliance, BBA members did not understand that the specialty physicians

on call in area ERs were private practitioners, who neither work for and in most cases, are not reimbursed by, the hospital for seeing indigent patients. The Commissioners contact information can be found at: <http://jeffconline.jccal.org/home/news/commission.html/73409395/Article.aspx>

2. **MASA** -- Mark Jackson says that grassroots efforts are more important than ever. Following the 2010 midterm elections, a lot of brand-new representatives and senators assumed office. At the same time, Alabama passed a much-needed ethics law for state lawmakers. This law prohibits even the most basic relationship building, including treating lawmakers to lunch and dinner while discussing laws and issues that affect physicians. Mark says that MASA definitely has your back, but when you get an e-mail from him or the staff in the political office, they need your help educating your senator and representative, both at the local and national level. You can locate your representative at: [http://www.legislature.state.al.us/house/representatives/houseroster\\_district.html](http://www.legislature.state.al.us/house/representatives/houseroster_district.html)

3. **AMA** - Dr. Jorge Alsip, longtime delegate to the American Medical Association and former president of MASA, addressed the role of the AMA and also the effect Alabama’s declining membership has had on our delegation. Many physicians across the country do not believe the AMA represents their views or interests; many physicians are especially upset at the AMA’s failure to get pressing physician issues addressed via the Affordable Care Act -- while still giving the act the support of the AMA (although the AMA is quick to state that they never endorsed the ACA). The most pressing issue in many doctors’ minds, and the one that has gone unresolved for the past decade, is the Sustainable Growth Rate (SGR), which cuts physician reimbursement by Medicare by about 30 percent every year. For the past ten years or so, Congress has acted to restore reimbursement to “current” rates at the eleventh (or later) hour. However, the Alabama AMA delegation -- which has been cut in size from three fulltime and three alternate delegates to just three fulltime delegates -- has been a voice of reason in the AMA congress. Dr. Alsip reminded us that the one-year delay in the implementation of ICD-10 -- which increases, by five times, the number of Medicare billing codes to almost 69,000 and which will cost physicians and their staffs a great deal of time and money -- came about because the AMA successfully lobbied CMS for the delay, after Alabama Delegation Chairman Jeff Terry introduced a resolution to the AMA Congress. This success demonstrates that Alabama physicians can make their voices heard at the national level.



## UPCOMING EVENTS

- Nov. 30 JCMS Annual Dinner Meeting at the Birmingham Marriott
- Dec. 17 Executive Committee Meeting – 5:30 p.m.
- Dec. 18 The Wayne Finley 811 Breakfast Meeting – the speaker will speak at 8:30 a.m. in the JCMS Board Room
- Jan. 15 The Wayne Finley 811 Breakfast Meeting – Dr. Henry Crommelin will speak at 8:30 a.m. in the JCMS Board Room
- Feb. 19 The Wayne Finley 811 Breakfast Meeting – Dr. Craig Christopher will speak at 8:30 a.m. in the JCMS Board Room
- Feb. 26 The 2013 Sixth District Caucus Meeting

Contact Juanita Pruitt at 933-8601 or [jpruitt@jcmsalabama.org](mailto:jpruitt@jcmsalabama.org) for more information regarding any of the above events.

### New Members

Mr. Melton C. Ambrose III	Student
Ms. Amelia E. Banks	Student
Mr. Chad Michael Colon	Student
Mr. Eric Robert Craig	Student
Ms. Stacy I. Ejem	Student
Ms. Zan Catherine Li	Student
Ms. Mary Elizabeth Littrell	Student
Ms. Valeria Makeeva	Student
Mr. Adil Justin Malek	Student
Mr. James Hoger Morris Jr.	Student
Ms. Kelsey Patterson	Student
Mr. Elijah Stiefel	Student
Mr. Loy Ottis Vaughan III	Student
Mr. Joseph Hugh Waters	Student
Mrs. Robyn Farley Wilson	Student
Mr. Michael Yaxian Yu	Student

### MAKE PLANS NOW FOR THE ANNUAL DINNER/DANCE

This year JCMS will hold its Annual Dinner Meeting on **Friday, November 30**, at the Birmingham Marriott on Highway 280. The featured speaker will be **Natalie Davis, Ph.D.**, from Birmingham Southern College who will discuss “The Current Political Environment and its Impact on Healthcare in Alabama and Beyond”. Following dinner, the popular band, **TOTAL ASSETS**, will perform music from the 1950’s through the 1980’s for dancing until eleven p.m.

**There is no charge for current JCMS members; however tax-deductible donations to the CMS Medical School Scholarship Fund are appreciated.** That donation will need to be made by check payable to UAB and sent to Martha Wise at 901 18<sup>th</sup> Street South, Birmingham, AL 35205. **Cost of the event is \$30 for your first guest and \$50 for each additional guest.** Payment for your guest should be made by check made payable to JCMS and sent to the same address.

*Deadline for Reservations is Monday, November 26, 2012, at 3:00 p.m.*

## Can You Help?

Spain Park Health Sciences Academy is a four year program offered to students who have an interest in exploring health professions. The program grew from 57 students last year to 111 this year. To enhance classroom instruction, the school has a mock examination room and a mock emergency bay set up in their classroom suite. If you have any used equipment (does not have to be in working condition) or unused supplies that could be used in this instructional setting, donations are always appreciated.

Health Sciences students are exposed to clinical as well as business sides of health care professions through classroom lessons, guest speakers and demonstrations. Before completing the program, junior or senior students must complete a Health Science Internship in which the students observe a healthcare provider in a clinical setting and interact with patients. In conjunction with the clinical exposure, the students discuss what they observe and reflect on their experiences and on a healthcare career. Jason Zajac, the program administrator, is currently seeking offices where students can intern for the Spring semester. The internships will be performed only for approximately an hour on Thursday afternoons. If your office is in the Hoover/North Shelby County area and you would be willing to participate, if you would like to donate equipment or supplies, or if you would like to participate as a speaker, contact Jason Zajac at [jzajac@hoover.k12.al.us](mailto:jzajac@hoover.k12.al.us) or (205) 439-1400.

## Scholarship Fund Update

The JCMS would like to thank the following individuals who have made donations to the JCMS Medical School Scholarship fund since the last published acknowledgment:

**Dr. Jerry Kitchens**

**Dr. Gunavantrai Shah**

As the year-end approaches and you consider your year-end donations, we would encourage you to consider making a tax-deductible donation to the fund. You can make your check payable to UAB and forward it to Martha Wise at 901 18<sup>th</sup> Street South, Birmingham, AL 35205. We plan to award our first scholarships for the 2013-14 school year.

## ERRATA

In the last issue of Pulse we did not list Warren Averett, LLC, as a sponsor for our Medical School Scholarship Fund. Warren Averett, LLC, should have been listed as a Silver Sponsor. We apologize for this error and appreciate their contribution.



## Introducing Medical Group Management Association of Alabama

MGMA/Alabama is a professional association providing education, networking and development for medical group practice administrators in the State of Alabama. With the current state of affairs in health care, it is vital that the medical practice professional have the support network that MGMA/Alabama can provide. Make plans to join us at our Winter Conference, March 6-8, 2013 at The Wynfrey Hotel in Birmingham. We have planned a comprehensive program with excellent speakers on timely topics that affect our medical practices. MGMA/Alabama currently has nearly 750 members and is one of the largest and most active state organizations in the country. For more information on membership, please visit our website at [www.almgma.com](http://www.almgma.com).



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