

Fiscal Cliff Averted? It All Depends

By: William O. "Trey" Whitt, III, of Dent, Baker & Company, LLP



Search the term "fiscal cliff averted" and you'll get about 57 million hits in a quarter of a second. Is that proof enough that we did, in fact, avoid a cataclysmic spill over a scary economic precipice? As a nation, perhaps so. But if you now find yourself approaching the highest income tax bracket, you may not feel as if you averted anything at all!

The newly enacted American Taxpayer Relief Act of 2012 preserved lower tax rates and other benefits for nearly all households. But as household income increases, taxpayers may now be climbing a personal tax mountain that feels as daunting as the fiscal cliff the nation just dodged. Here's what you need to know.

Payroll Tax Holiday Sunset -The consequence of the new tax law that affects the most people is actually not in the law at all. For the past two years employees and self-employed workers have enjoyed the benefit of a two percent reduction in the Social Security tax rate.

The result was an average boost of about \$2,200 for the typical taxpayer. Because this reduction was not renewed for 2013, the Social Security rate returns to 6.2%, and, as a consequence, take home pay will go down.

\$250,000 Income Threshold - Additional wage and investment surtaxes enacted with the 2010 healthcare reform legislation took effect at the beginning of this year. This means that every dollar in wages over \$250,000 is now subject to a Medicare tax of 0.9%. Once total income surpasses the \$250,000 threshold any investment income - dividends, interest, rents, most capital gains and other types of unearned income - is now subject to a 3.8% Medicare tax.

These taxes are assessed on top of the taxes that ordinarily apply to wage and investment income.

\$300,000 Income Threshold - At the \$300,000 income level, you begin to give back certain tax benefits available to taxpayers at lower levels. For example, itemized deductions such as charitable contributions, real estate taxes and mortgage interest are reduced up to 80% of the otherwise deductible amount.

Additionally, the value of personal exemptions for you, your spouse and your children will gradually be phased out.

\$450,000 Income Threshold - If your income exceeds \$450,000, you will likely be subject to the new higher tax rates governing ordinary and capital gains income. The top rate applying to ordinary income is now 39.6% (up from 35% last year), and the new capital gains rate is 20%. A capital gains rate of 15% still applies if income is below \$450,000.

Business Provisions - Since most businesses are organized as passthrough entities (business income passes through the entity and is reported by its owners), the new individual tax provisions will have a major impact on business planning.

One encouraging development is the extension and expansion of tax rules that make it easier for businesses and owners to write off capital equipment purchases. Retroactive to the beginning of 2012, businesses can deduct up to \$500,000 in qualifying purchases during the year. With top income tax rates approaching 40%, this provision represents a significant inducement for businesses to make infrastructure investments. The half-million dollar annual threshold remains in effect through the end of this year.

Is It A Cliff? Is It A Mountain? - It's impossible that any financial policy decision - let alone one with the potential impact of that scary fiscal cliff - results in consequences that are all good or all bad. No matter how neatly the politicians try to wrap the package, there are always surprises, some welcome and others less so, that straggle out. My advice for taxpayers is to do your own investigation, or enlist a trusted tax advisor, into what these changes will mean for you. Only then will you know if you're falling over a cliff, climbing a mountain or resting easy...at least until the next crisis erupts.



Donate Medications to Local Patients in Need

The Dispensary of Hope is a national not-for-profit organization that recovers surplus medications from manufacturers, distributors and physicians, and redistributes them to the uninsured. Through their “Fill the Box Fill the Need” campaign, over a thousand physician practices across the country are donating their excess sample medications to the Dispensary of Hope, who then makes them available to charitable clinics and pharmacies. Currently three of these dispensing sites are part of St. Vincent’s Health System’s Access to Care, and the Jefferson County Medical Society is working with the Dispensary of Hope to add additional dispensing sites throughout our community and other parts of Alabama.

The donation process is free and simple. Receive a Hope Box at your practice, fill it with medications that have reached six months prior to expiration, seal it and apply the prepaid shipping label. After the Dispensary of Hope receives your donation, you will receive a faxed, itemized receipt for your records, along with a new Hope Box to fill the following month. You will receive an e-mail from Dispensary of Hope each month to remind you that it is time to check your sample supply to see if any are ready to be donated. There is no cost to providers who donate—all shipping costs are covered by the Dispensary of Hope.

The program is mutually beneficial for practices and patients. By proactively donating sample medications to the program, practices save money by reducing medical waste destruction costs and increase compliance through Dispensary of Hope record-keeping, all while providing vital treatment for thousands of uninsured patients who would otherwise go without. The program’s goal is to never let a single pill go to waste (i.e. expire) before reaching a patient—especially while millions of patients go without the medications they desperately need.

To sign up or learn more, call **888.428.HOPE** or go to **www.dispensaryofhope.org/give-meds** Once you enroll on-line, your first Hope Box will be sent to your practice so you can begin participating.

Visit **<http://www.amednews.com/article/20120822/profession/308229996/8/>** to see what American Medical News had to say about the Dispensary of Hope program. Join the movement!

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

IN MEMORIAM

THE JCMS WANTS TO ACKNOWLEDGE
THE RECENT PASSING OF THE
FOLLOWING JCMS MEMBERS:

MALCOLM CADE COOK, M.D.
FEBRUARY 25, 2013

JOHN M. AKIN, JR., M.D.
MARCH 1, 2013

WALTER C. MCCOY, M.D.
MARCH 31, 2013

ROBERT G. SHERRILL, JR., M.D.
MAY 6, 2013

Upcoming Events

- June 11 Meaningful Use Stage 2 - Speaker Marla Clinkscales will speak from 9:30 to 11:30 am in the JCMS Board Room
- June 17 Foundation Trust Meeting – 5:30 p.m.
Executive Committee Meeting – 6:00 p.m.
- June 18 Final HIPAA Privacy & Security Rules – Speaker Richard Sanders, Esq., will speak from 10:30 a.m. to 12:00 p.m. in the JCMS Board Room
- July 15 Executive Committee Meeting – 5:30 p.m.
- Sept. 16 Foundation Trust Meeting – 5:00 p.m.
Executive Committee Meeting – 5:30 p.m.
Board of Directors Meeting – 6:30 p.m.
- Sept. 17 The Wayne Finley 811 Breakfast Meeting – Speaker will speak at 8:30 a.m. in the JCMS Board Room

Contact Juanita Pruitt at 933-8601 or jpruitt@jcmsalabama.org for more information regarding any of the above events.

New Members

Mary Bryan Adams, M.D.	Obstetrics-Gynecology	Robert W. H. Mason, M.D.	Ophthalmology
Kelly N. Godby, M.D.	Hematology/Oncology	Carl A. Narducci, Jr., M.D.	Radiology
Denny D. Kakati, M.D.	Resident	Richard Brian Thoma, M.D.	Anesthesiology
Michael Grant Martin, M.D.	Orthopedics		

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Jefferson County Department of Health

To: Jefferson County Physicians

We need your help! The Alabama Department of Public Health Center for Health Statistics implemented the Electronic Death Registration System (EDRS) in April 2012. Since that time, EDRS usage is increasing around the state. However, the electronic filing of death records in Jefferson County (Area 4) lags significantly behind other counties.

EDRS eliminates filing of paper death certificates and reduces wait times in processing death certificates.

Use of EDRS expedites issuance of certified copies of death certificates. Since EDRS is web-based, multiple partners can complete information concurrently, and death records can be submitted electronically to the Center for Health Statistics.

Please help us with this transition. Training in the EDRS can be conducted at your organization (doctor's office or hospital) upon request. If you would like to arrange for a training session, or if you have questions, please contact one of the following people at the Health Department:

Rosalind Jackson at (205) 930-1105 or
rosalind.jackson@jcdh.org

Greg Townsend at (205) 930-1401 or
greg.townsend@jcdh.org

Thanks,

Mark E. Wilson, MD
Jefferson County Health Officer
Jefferson County Department of Health



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