Use Total Compensation Approach

These savings assume that the doctor uses our recommended total compensation approach for their staff. In effect, the tax-free HRA benefits are not in addition to their current compensation package, but are part of their total compensation package, providing added savings to both the practice and the employee.

Protecting the Practice

Annual reimbursements under HRA plans are limited to no more than $4,950 annually for individual employees, and $10,000 for plans that cover the employee and their family members. In order to protect the practice against an employee submitting reimbursement requests for the maximum amount early in the year, and then quitting, we recommend that benefits be limited to a monthly amount. For example, benefits for employee only coverage would be limited to no more than $412.50 a month ($4,950 annually), and no more than $833.33 a month ($10,000 annually) for plans covering both the employee and their family members.

In order to further protect the practice, we recommend that doctors coordinate the annual HRA benefit limit with their planned pay raises and bonus. For example, the doctor could provide a benefit of $100 a month during the initial plan year in lieu of a pay raise/bonus and increase this by $100 a month during each succeeding year, so that employees are receiving tax-free benefits in lieu of future taxable pay raises and bonuses. Any employee who did not seek reimbursement for the maximum amount during any particular plan year could be bonused the unused amount at year end. Alternatively, the unused difference could be carried forward to the following plan year, if the required HRA plan document so allows../""

FINANCIAL MANAGEMENT

5 More Ways To Boost Profits While Dropping Managed Care (PPO) Plans

By: Bill Rossi*

Last month, we discussed seven strategies doctors could use to increase practice profits by seeing more patients, while reducing managed care participation. But don't overlook your existing patients! In many cases you can also significantly increase your production from existing patients to help offset the loss of patients from managed care plans you drop, using these five methods:

1. **Invest in continuing education to expand procedure mix** - Take some of the money that you have been losing to PPO write-offs on the terminated plans, and invest it in continuing education to help broaden your procedure mix. An increasing number of general dentists are placing implants and having good results. Likewise, many are providing anterior and bicuspid endodontic procedures with proper training. Invisalign, Clear Correct, and Six Month Smiles can also add to your procedure mix, given the proper case selection.

2. **Improve clinical calibration** - Schedule a staff meeting for brainstorming to discuss what clinical conditions warrant recommending every type of treatment you deliver. Once each clinical staff member has given their thoughts, the doctor should finalize the list. Then develop concise written statements on what clinical conditions warrant every type of treatment that you provide, so that the entire team knows and understands what you feel is the best treatment for your patients.

   This will help focus your recommendations and eliminate ambiguous phrases like "We'll watch this... " or "Someday you should". The two most underused words in dentistry are "I RECOMMEND". Use them! If you have clearly calibrated what's best for your patients, be sure to tell them. '

3. **Utilize the intraoral camera for each hygiene patient**-A picture's literally worth a thousand words in pointing out clinical problems and discussing potential treatment options that the doctor will likely recommend. The picture confirming these findings helps build trust with the patient, which will help increase your treatment acceptance rate. Have your hygienists start off by using the intraoral camera on

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the first patient each morning and afternoon and they are much more likely to use it all day.

4. Track production per exam and follow up - All practices should track their exams and production per exam. If you implement these strategies, your production per exam will go up. But that's not enough! One staff member should be appointed to follow up with patients that have not yet accepted needed treatment. It's best to do this when the trail is fresh, no more than three weeks after it was recommended. "Dr. Smith asked me to call. We are concerned because we haven't scheduled an appointment for your recommended care." If needed, offer flexible payment options (discussed below) to make it easy to say "yes."

5. Offer flexible payment options - You have many patients who can afford to pay $ 150-$200 a month for needed treatment that can't pay $1,000-$2,000 or more in cash right now to have it done. That's why it's important to offer monthly payment options, as long as it's limited to automatic credit card charges. It's easy - simply get the patient to sign the Patient Easy Pay Consent Form** allowing you to charge the patient's card for the agreed-upon amount each month until payment is completed. You'll see case acceptance rates soar, while bad debt is minimized, leading to increased practice profits.

* *Bill Rossi is President of Advanced Practice Management. For more information on his practice management services, including PPO decisions, negotiations and transitions, contact him at 952.921.3360 or at Bill@advancedpracticemanagement.com.*

** *Patient Easy Pay Consent Form is available for online members at www.mcgilladvisory.com.*

INVESTING

5 Strategies To Protect Your Stock Market Gains From Turning Into Losses

As of March 31, the stock market (as measured by the S&P 500) is up more than I0% since the Presidential election on November 8th. This "Trump rally" caught investors by surprise, as many had a negative stock market ...:forecast as a result of the Presidential election turmoil.

Many doctors missed out on some or all of the rally, since they elected to sell to cash before the election out of fear. Jeff Harrell, CFA, Director of Portfolio Management for McGill Advisors, Inc.*, says that once again, this proves the futility of trying to time the stock market.

He recommends that doctors sitting on large amounts of cash should begin dollar cost averaging into the market over time, since having your money invested is the most important factor in your financial success. Harrell underscores the importance of sticking with an automatic savings plan, investing a fixed amount of money each month. When the market does in fact correct (loses more than I0% in value), doctors will be buying more shares at a lower price, leading to improved investment returns over the long term.

What should fully invested doctors do now with the stock market trading at an all-time high? Harrell continues to advise against trying to time the market. Rather, he recommends five strategies he's used for his doctor-clients that has allowed them to keep thousands of dollars of their investment profits when the market corrected.

1. Automatic rebalancing - Harrell says with the recent stock market rally, many doctors have too high a percentage of their assets invested in stocks, compared to bonds, based upon their age and risk tolerance. Harrell recommends that doctors review their accounts and consider selling off some stocks to get back to their predetermined asset allocation, and shifting the proceeds into bonds or other asset classes that are underweighted.

Harrell said that when the S&P closed above his rebalancing target of 2,286, his firm automatically rebalanced their clients' portfolios. Rebalancing refers to the process of realigning the stock and bond ratios in the portfolio back to their original target asset allocation.

This automatic rebalancing strategy was developed by Pulitzer Prize-winning investment analyst James B. Stewart, and has been used by McGill Advisors for its dental clients for over five years now. Under this strategy, rebalancing is automatically triggered anytime the stock market falls I0% from a recent high, or rises 25% from a recent low. Stewart back-tested the strategy and found that it added nearly .50% per year to the return of a portfolio over the decade analyzed, compared with a simple "buy-and-hold" strategy.

Harrell says this is the fifth time a rebalancing target has been triggered. Four of these were after 25% gains, while one of them was after a I0% decline. He now has a new rebalancing target of 2,744 for the S&P 500 to sell and 2,156 for the S&P 500 to buy. He says that this method