

Dental Services Practice Financial Check-Up : *for you*

June, 2010

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Upcoming Event:

June 17, 2010
*Health Care Reform: An Accounting,
Legal and Regulatory Perspective*
Charlotte, NC

Learn more about this event at
www.elliottdavis.com/events

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Financial Check-Up: for you

This month we take a look at how recent legislation will affect you and your dental practice. The Health Care Reform bill will create a massive overhaul to health insurance and health care delivery. In addition to changing the way insurers are allowed to operate (such as doing away with lifetime limits and requiring coverage for preexisting conditions) the bill includes incentives for employers to provide health insurance to employees and imposes new taxes on those defined as high income. It is complicated and no one has all the answers yet, but feel free to call us if you want to discuss the bill further. We also have information about how to streamline your banking process and better protect yourself against fraud, written by a banker with BB&T. Enjoy this issue and have a great summer!

Bo Elliot

What You Need to Know About Health Care Reform

By: Susan Harris

The Patient Protection Act and the Reconciliation Act passed by Congress earlier this year will change much of the health care landscape. Many of the items will go into effect in later years, but the immediate changes include small business tax credits, a temporary high-risk pool for individuals, no lifetime limits on coverage and coverage for young adults up to age 26 through their parents.

For your dental practice, the tax credit may have an impact. Starting in 2010, the Act provides a temporary sliding-scale small employer tax credit to help offset the cost of employer-provided insurance coverage. If your practice employs no more than 25 employees with average wages under \$50,000 (not including shareholders) and pays at least half the cost of health insurance premiums, you may qualify for a tax credit of up to 35% of the premiums paid. After 2013, the maximum tax credit goes up to 50%. Note that employers with fewer than 10 employees with average wages under \$25,000 will be eligible for the full credit. Employing between 11 and 25 people will reduce the credit on a sliding scale.

Two important elements become effective in 2011. The first disallows distributions from HSAs and FSAs for over-the-counter medications. The second requires employers to include the value of health benefits on W-2s.

For dentists personally, 2013 will implement significant changes as two additional taxes will be imposed on individuals classified as high income. The first, the Hospital Insurance tax, will impose an additional 0.9% tax on earned income (such as wages) for individuals making in excess of \$200,000 and \$250,000 for married couples filing jointly. The second tax, labeled an "Unearned Income Medicare Contribution" is a surtax of 3.8%.

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Tuning up the Payments Process

By: Michael Paradis, CTP, Guest Columnist

The Cash Flow Cycle begins with a service rendered and ends when all payments have cleared and records have been updated. There are various tasks, points of risk, and working capital costs that occur throughout this cycle. As a practice grows, so does the impact of these factors. Your bank's Payments Consultant can perform a comprehensive evaluation of your process and recommend enhancements that add value to your business by:

- Streamlining your banking process through scalable solutions
- Finding ways to reduce financial, fraud, and physical risk
- Maximizing interest earnings while minimizing borrowing costs

Solutions may include:

Online Tools - Manage your daily balances, initiate certain transactions, and monitor activity as a first line of fraud defense through internet based reporting services.

Credit Card Management – Accept credit and debit cards to get payments faster, and pay vendors via credit card to optimize payment terms and simplify record keeping for routine miscellaneous payments through one consolidated monthly statement.

Electronic Funds Transfers - The ability to make payments electronically to vendors and employees will eliminate work, reduce risks and cut hard-costs (e.g. stamps, envelopes and check stock). Similar benefits can be derived from the ability to draft patients' accounts.

Remote Deposit - Deposit checks from the office through a scanner that connects to your computer and eliminates trips to the bank. Remote deposit also extends the banking day by several hours.

Fraud Prevention – Protect accounts from unauthorized payments, protect account information, and segregate duties.

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What You Need to Know About Health Care Reform

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The threshold for this surcharge is high income individuals with adjusted gross income of more than \$200,000 and \$250,000 for couples filing jointly. Income subject to this tax includes investment income—interest, dividends, rental income or income from other passive activities—but not distributions from pension plans or IRAs. S corporation income is also not subject to this tax.

There are a host of other components to this very complicated legislation including taxes imposed starting in 2018 on so-called “Cadillac” insurance plans. For more information, please visit our

website at www.elliottdavis.com and click on the link under “Legislative Alerts” or call us at 888.333.8815.



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About us:

Since 1925, Elliott Davis, PLLC has been the accounting, tax and consulting services firm that provides our clients the solutions needed to achieve their objectives while offering our people rewarding opportunities. Today, Elliott Davis has more than 400 employees in 10 offices throughout the Southeast. Our Dental Services Practices assists dentists across the U.S. in making informed decision about their practices. From analyzing needs to developing and implementing solutions, our services include:

Accounting services	Financial management
Compliance	QuickBooks set-up and training
Cost reduction strategies	Tax return preparation
Entity structure planning	Tax planning

Our Dental Services Practice works closely with the McGill & Hill Group. A one-stop financial services resource providing transitions, tax and business planning, legal, accounting, investment advisory and retirement plan services exclusively for the dental profession. Elliott Davis is also a member of The Leading Edge Alliance, an international professional association of independently-owned accounting and consulting firms based in the U.S., and is strategically aligned with LEA Europe and LEA Asia Pacific, a worldwide network of more than 450 offices in 90 countries around the globe. For more information about Elliott Davis and its services, visit www.elliottdavis.com.



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