

## Protecting Your Greatest Asset

by Tony M. D'Andrea, Jr., CPA, CFP®, Vice President, Investments, Raymond James & Associates, Inc.

When most people are asked what their most valuable asset is, they respond that their house, car, retirement plan or business is most valuable. I disagree. I believe that your most valuable asset is your ability to earn a living. I believe this is true for just about anyone who is not already retired. Most people protect their car, house, and other possessions, but neglect to protect the most valuable asset they own: their power to generate income.

The extent of the risk of a serious injury or illness affecting your ability to earn a living is startling. The probability of a 35-year-old being disabled for more than 3 months before age 65 is over 50%. People in their 40s are three times more

likely to be disabled than die before age 65. And the numbers get worse as you get older for remaining disabled for 5 years or more. Yet a great majority of the population has no disability coverage beyond Social Security and worker's compensation.

To evaluate your disability income needs, begin with an estimate of the income that will be needed during disability. Once the income need has been established, the resources available should be deducted. The first deduction should be from any employer paid short-term disability or group insurance benefits. Next, you may wish to consider social security disability benefits. However, the social security system rejects most of the claims made for disability benefits. Finally, reduce the monthly income need by earnings from other sources such as interest and dividends on investments. The remaining balance is the disability insurance need. You should note that insurance companies limit the amount of income they will replace through a disability benefit, so you may not be able to insure the entire need.

As you might expect, the key to any disability insurance policy is its definition of the term "disabled." There are four key definitions of disability: "any occupation," "own occupation," "reduction in income," and "residual." You are disabled under an "any occupation" definition when your condition prevents you from doing anything for anybody that will bring home a paycheck. It is the most restrictive definition.

### HealthOne's Mission

Our mission is to deliver the very best billing and practice management available in the market by providing personalized & proactive service, demonstrating aggressive physician advocacy, hiring and retaining high quality employees, and utilizing leading technology.

The "own occupation" definition is far more favorable. Under this definition you are disabled if your condition prevents you from performing the major duties of your occupation. For example, under an "own occupation" policy, a

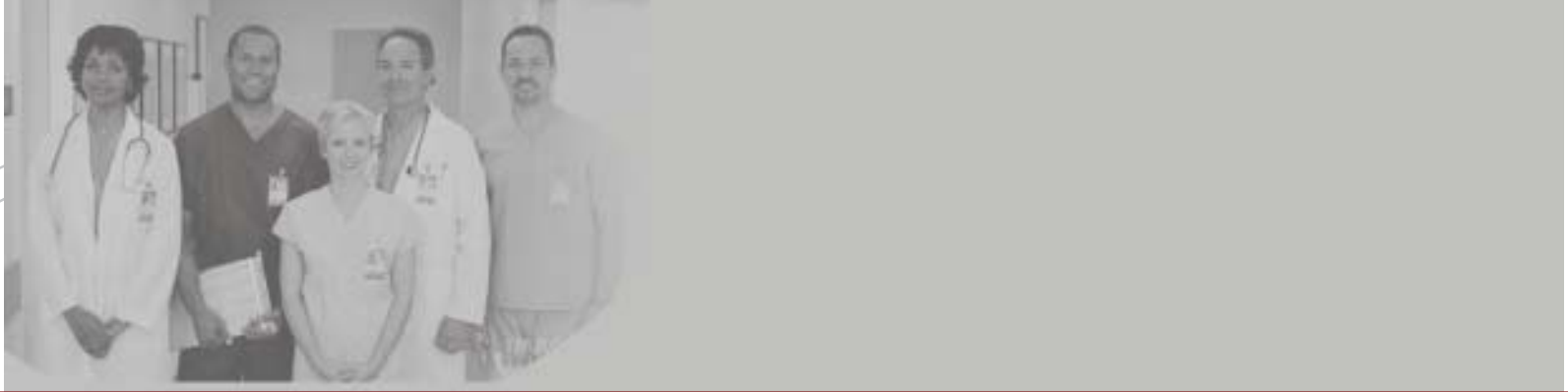
heart surgeon is still disabled even if he could work as a professor of medicine. The precise language of "own occupation" policies varies from insurer to insurer, so it pays to read these policies carefully.

"Income reduction" is a relatively recent innovation. Under these policies, you are disabled as long as your condition forces you to earn less than you were

*(continued on page 2)*

### In This Issue

Protecting Your Greatest Asset .....	Pages 1-2
The Benefits of Practice Automation .....	Page 2
Medical Reimbursement Plan Checkup .....	Page 3



## The Benefits of Practice Automation

by David C. Purvis, CHBME, Chief Executive Officer, HealthOne, Inc.

Automation of data collection and billing processes can have a profound impact on accounts receivable and cash flow for your practice.

True automation begins with the gathering of patient demographic and transcription information electronically, then integrating the two. This process provides the opportunity for an electronic audit for missing transcripts (possibly un-read films) and missing demographics (unbilled hospital charges). This also is the starting point to a paperless office.

The next step is to present this information in an electronic format to a medical coder so that CPT and ICD9 codes can be added to the data. The complete data should be run against a "claim scrubber" for edits to insure compliance and payment guidelines. Loading this file to your billing system saves the cost of posting demographics and charges manually.

The billing system should allow you to file your claims to all significant payors or clearinghouses without paying a per claim charge and post electronic remittance advice, all in a HIPAA compliant format. The system should allow you to load data electronically as well as extract it for reporting and data mining. The system must also drive accounts through a predetermined process without human interaction except where desired.

Document imaging rounds out the equation for electronic storage and retrieval of your paper records. This application should be linked to your billing system for easy access by account representatives handling inbound calls.

Web based, real time reporting lends "transparency" to your billing operation. You can see what is happening at all times.

Benefits include:

- 1) Lower days in accounts receivable
- 2) Faster turnaround of cash
- 3) Increased cash flow
- 4) Lower labor costs

- 5) Lower cost of document storage
- 6) Faster and more customized reporting
- 7) More visibility of your billing operation

Using a third-party billing company with this level of automation will give your practice the benefits without incurring the expense of development and implementation.

David C. Purvis, CHBME is Chief Executive Officer of HealthOne, Inc. He may be reached by email at [dpurvis@healthone.com](mailto:dpurvis@healthone.com) or by phone at 865.934.0501.

[www.healthone.com](http://www.healthone.com)

## Protecting Your Greatest Asset

(continued from page 1)

earning before you were sick or injured. How much less you have to earn depends on the policy.

"Residual disability" is also a recent innovation. This definition is an enhancement of an "own occupation" policy. Frequently, a person's disability may permit them to return to their own occupation, but only at "half speed." In other words, it may take a considerable period of time after they return to work to get back to their former level of earnings. The "residual disability" provision is designed to provide benefits to bridge that gap.

Of course, this brief article is no substitute for a careful consideration of all of the advantages and disadvantages of this matter in light of your unique personal circumstances. Before implementing any significant tax or financial planning strategy, contact your financial planner, attorney or tax advisor as appropriate.

Mr. Tony M. D'Andrea, Jr., CPA, CFP® is Vice President, Investments for the Chattanooga East office of Raymond James & Associates, Inc. He may be reached by email at [Tony.DAndrea@RaymondJames.com](mailto:Tony.DAndrea@RaymondJames.com) or by phone at 423-510-8889. He specializes in helping physicians meet their Financial Planning and Retirement Planning goals.

## Give Your Medical Reimbursement Plan a Check-up

Amy E. Roth, CPA, President of Unity Benefit Services, Inc.

It's that time of year...time to review and renew your practice's benefits. One often overlooked benefit is your medical reimbursement plan. Recent tax and benefit law changes as well as advancements in technology provide significant opportunities to improve the health of your practice's plan. Now is the time to give your plan a check-up.

First, your plan must be written. Locate your written plan document and review which qualified medical expenses are currently covered by your practice's plan. In recent years the I.R.S. has expanded the definition of qualified medical expenses to include over-the-counter items which are used to treat an accident or illness, smoking cessation aids and obesity weight loss programs. And, unlike flexible spending accounts (FSA), medical reimbursement plans may also reimburse certain individual insurance premiums, such as health insurance and long-term care. Based on the goal of your plan, you may need to either add or eliminate certain covered expenses.

Next, check the current accounting treatment of unused medical reimbursement funds. In order for your plan to provide tax-free reimbursements, plan participants can not be able to receive any unused funds in any other form of compensation. Violation of this legal requirement exposes your plan to current taxation of all reimbursements - not to mention penalties and interest. Now, with the advent of Health Reimbursement Arrangements (HRA), you can easily amend your plan to allow unused funds at year-end to rollover to subsequent years. You can even stipulate that all unused funds remain available to participants upon retirement from the practice! This can provide significant retiree medical benefits.

Also diagnose the timeliness and ease of use of your plan. Are reimbursements issued on a daily basis or only when the bookkeeper finds time? When you're out the cash flow, time really is money. Providing debit cards for your plan reduces the cash flow issue

altogether and can provide a paperless process for many claims. One ancillary, but important, benefit of debit cards is the added layer of confidentiality they provide for protected health information (PHI). For example, if you used your debit card to pay for a prescription co-payment, the details of that transaction are confidential, as you do not need to send the pharmacy receipt for reimbursement.

Finally, no check-up would be complete without consideration of your plan's compliance with numerous laws. As medical reimbursement

plans are considered self-funded welfare benefit plans, they must comply with the nondiscrimination rules of Internal Revenue Code §105, as well as HIPAA privacy and security rules. If your practice has 20 or more employees, then you must also comply with COBRA, including initial notice requirements and continuation of coverage rights upon termination. Failure to comply with any of these laws and regulations can result in significant fines and penalties.

A healthy medical reimbursement plan can provide you and your staff with valuable benefits both now and well into the future. Now, that's just what the doctor ordered!

Amy E. Roth, CPA is the President of Unity Benefit Services, Inc., an accounting and consulting firm specializing in the design, implementation and administration of flexible benefit plans. She can be reached at [amy@unitybenefitservices.com](mailto:amy@unitybenefitservices.com) or 865.558.9077.

**Recent changes in law and advancements in technology provide significant opportunities to improve your practice's plan.**

### Does your billing operation offer web-based, realtime reporting?

Check out ours at [www.healthone.com](http://www.healthone.com), click on "Client Login", username "test" and password "test". If you have any questions contact David Purvis via email at [dpurvis@healthone.com](mailto:dpurvis@healthone.com) or by phone at 865.934.0501.

Return Service Requested

PRESRT STD  
U.S. POSTAGE  
PAID  
PERMIT #184  
KNOXVILLE, TN

P.O. Box 32365, Knoxville, TN 37930, 800.343.2599, www.healthone.com

**HealthOne**

*"comprehensive and practical solutions in healthcare billing and management"*

# HealthOne

*happenings*

## IN THIS ISSUE

- **Protecting Your Greatest Asset**  
Your ability to earn a living
- **The Benefits of Practice Automation**  
Impact your cash flow
- **Checkup for Medical Reimbursement Plans**

