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Dentrix Fee Schedule Problems and Solutions

By Dr. Tammi Schaeferle, D.D.S., F.A.G.D.

I get many clients asking me how I recommend billing for PPO patients in Dentrix. The problem with Dentrix is the treatment planner will not use the PPO Fees schedule to estimate fees and also post your fees to the patient ledger. You are able to set up the system to post the fees schedule to the patient ledger, however, and send your fees to the insurance companies.

The problem with doing the above is the fact that many offices are not updating their fee schedules, thus they have to add charges back on when the EOB returns to the office. Also, the legality is in question when the fees sent to the insurance company differ from the fees posted on the patient ledger. I, personally, like to know what I have adjusted for each individual insurance company, thus I prefer to make the adjustment through the insurance claim when posting the EOB.

What I have done to correct this is:

Option 1: take the coverage table and increase the percentage in order to estimate insurance payment as if it will pay more of my fee to include the write off. This may not get you exactly to the penny but it works well. If insurance downgrades to silver fillings, it will also help to pull out those procedure codes and leave at the regular percentage (do not increase) and this should help to avoid the issues that offices have with underestimating patient copays on posterior composites that are downgraded to amalgam.

NOTE: If you decide to do this program it is very important that you DO NOT UPDATE THE PAYMENT TABLE when entering EOBS. We want to use the percentage NOT the payment table! If you update the payment table it will override the percentage.

Option 2: pick the codes that you use the most, then take your fees schedule and the PPO fees schedule and do the following math:

Your fee – PPO fee = X (write off)

Then take PPO fee x % of coverage (80, 50 etc. per individual insurance plan) = Y (insurance payment for individual code)

Then take X + Y = Z (amount to go in under procedure code in payment coverage table/book)

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As a result, when you use the treatment planner it will show the insurance as paying both their payment plus the write off. This will allow the patient portion to be accurate.

NOTE: I do understand that this will take some time as you will have to go code by code and take the percentage for each company. However, we have found that most percentages are similar (100/80/50) and the calculations really did not take much more time than entering all of the individual fee schedules as many offices are doing.

Until Dentrix allows us to enter adjustments as an additional coverage table, these problems will remain present.

Please contact Dr. Schaeferle at (614) 312-2796 with any questions or concerns regarding this matter.

Employment Agreements and How They Benefit Your Dental Practice

By Tanya Nardone, Esq.

As many business owners have experienced, including dentists, the most difficult job as a business owner is managing and maintaining good employees. In addition, business owners have to be concerned about the potential ramifications of an employee departure, including unemployment compensation, claims of discrimination, litigation, etc. A valuable tool that is available to: (i) help manage and maintain good employees and (ii) avoid the potential negative consequences of an employee departure is a well drafted employment agreement that includes a job description.

Dentists typically think about and require an employment agreement for their dental associates, which is important. But, we also encourage dentists to think about and require each staff member to sign an employment agreement. The main terms of a staff employment agreement should include:

1. **At-Will Employment.** It would be made clear that the employment is at-will and can be terminated at any time, and for any lawful reason. Further, that there are no other promises of any kind, except for those promises detailed in the agreement itself.
2. **Duties and Responsibilities.** The duties and responsibilities of the dental staff member would be incorporated into the employment agreement by a well-drafted and customized job description. We will discuss the job description in more detail below.
3. **Compensation.** This is likely self-explanatory. But, any compensation including bonuses and increases need to be documented in the agreement.
4. **Employee Benefits.** Any additional benefits promised to that specific employee should be detailed in the agreement.
5. **Policy and Procedure Manual.** There should be an acknowledgement in the agreement that the employee has received, read, understood, and had the opportunity to ask questions, related to the dental practice's policy and procedure manual.
6. **Confidential Information & Non-Disclosure.** The confidentiality and nondisclosure provisions require the employee to maintain the dental practice proprietary information.
7. **Non-Disparagement.** The non-disparagement provision is intended to discourage and punish the employee for disparaging the dental practice or the dentist.
8. **Non-Compete and Non-Solicitation.** Yes, we recommend that many of the staff members have a non-compete, not just the associate dentists. Think about it, how would you feel if your most valuable dental hygienists or EFDA was working for you on Friday, and working for your competitor across the street from your practice on Monday?

As mentioned in number 2, we want to ensure that the duties and responsibility are well laid out for the employee. We do that through a well-drafted job description. And, to be clear, we are not talking about some boiler plate document you purchased from some HR firm, or obtained from the internet. We are referring to a custom job description that applies to that specific employee.

NLG Comment: Let's repeat that: And, to be clear, we are not talking about some boiler plate document you purchased from some HR firm, or obtained from the internet. We are referring to a custom job description that applies to that specific employee.

An accurate job description is essential to selecting the most qualified applicants for open positions in your practice, and it is beneficial when defining an employee's duties, responsibilities, and expectations. It will also be used as the basis for developing a training program for your new employees. Then, during your employee evaluation sessions, the job description is the yardstick by which performance is judged, giving clarity and consistency to your personnel management. It is also important to have on file for use every time you fill the position or create a similar position. And, do not forget to update these on an ongoing basis. From our perspective, the best way to do that is to update it during the annual review process or whenever the duties or responsibilities of the position change. This well-drafted job description will help us, among other things:

1. Manage staff by managing expectations and ensuring we are all on the same page as to the job duties and responsibilities.
2. Maintain good employees because those good employees will fully understand and comprehend their job duties and actual perform them.
3. Minimize any payout for unemployment compensation, mainly because it will help your legal counsel establish that the employee was not meeting the basic functions of the particular job position.

In the end, the staff employment agreement that incorporates a well-drafted job description is a great tool for the dental practice owner, as we continue to struggle with managing and maintaining good staff, and yes in some instances, minimizing negative consequences of an employment departure.



Strategy Plays a Role in Locating the Right Space for a Dental Practice

By Todd Barcus, Vice President, Cassidy Turley

Securing an office location for your dental practice can be an intimidating process. If you've just graduated and have student loan debt, you may be concerned about incurring more debt with the purchase of a property. Many dentists find that leasing is a more prudent option. Regardless of your decision, know that if you are armed with accurate research and data, you can position your practice in a location that will actually drive your business.

You will need to determine your market and where you will draw your client base, and a real estate professional can help you look at the competition and where they are located. Selecting the right geographic location for your practice is a key to successfully driving customers through your door. A real estate professional should be able to provide a market analysis of the area in which you wish to locate. This analysis will include information on demographics, age groups, median incomes, competitors, available sites, nearby amenities, etc. Understanding your competition and the potential market will help you determine where to set up your practice.

Depending on your practice, you may choose to locate in the suburbs where you can establish a client base of children and/or families. Most clients stay with their dentists because they are comfortable with them or the dentists are in their insurance network, so it will be important to locate in an area that is not overpopulated with dental practices. For example, looking for a location in an area of new housing or multi-family construction may be a viable option.

Some specialty dentists flourish with referrals from general dentist practices and other medical groups, in which case you'll want to be located near their practices. Many clients want the convenience of combining dental visits with stops to the dry cleaners, the grocery or the local mall. You should consider nearby amenities in selecting space for your practice. An additional benefit to working with a real estate professional is their connection with others in the community, which may provide opportunities for partnerships, sharing space and other advantages.

Demand for dental services is on the rise, primarily due to an increase in office visits by Baby Boomers and with the Affordable Care Act, 34 million newly insured non-elderly Americans. Another trend is that people with expendable incomes are taking advantage of the latest technology to look and feel their best, including taking care of their teeth.

These trends make medical office space the healthiest and fastest growing commercial real estate sector in the U.S. In the greater Columbus, Ohio area, approximately 237 office buildings have almost 6.6 million square feet of inventory with a five-year average vacancy rate of 9.5 percent. A variety of options for office space is available, and the future looks bright whether you choose to lease, buy or build space for your dental practice. A knowledgeable real estate professional can help guide you through the site selection process and ensure that you choose a location that will work to your advantage.

Cassidy Turley / Commercial Real Estate Services

Cassidy Turley is a leading commercial real estate services provider with a track record of delivering superior results for clients. Their mission is to provide integrated services – from strategic planning to execution – that are creative, cost-effective and responsive to clients' specific real estate needs, while enhancing their business performance.

Where does Cassidy Turley lie in the industry?

- Named to Leaders List of 2014 Global Outsourcing 100
- Ranked a Top 5 Brand – *Lipsey's 2014 Commercial Real Estate Brand Survey*
- Named EPA 2014 ENERGY STAR® Partner of the Year
- 2014 Greenest Companies Index – Commercial Property Executive

Contact Cassidy Turley Vice President Todd Barcus

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- Via phone at (614) 827-1890
- Via email at Todd.Barcus@cassidyturley.com.

Upcoming Events & Deadlines

Thursday, October 16 – Friday, October 17, 2014
Clinical Excellence Seminar ft. The Dawson Academy
Join Paragon Management and two senior faculty members of The Dawson Academy for a two-day seminar at the Columbus Sheraton in Columbus, Ohio.

Friday, October 24, 2014

Excelleration with Ken Runkle

Ken Runkle and Paragon Management host their 3rd Quarter Excelleration Meeting to focus on growth, net profitability, and financial independence. This event is being held at the Westin BWI in Baltimore, Maryland.

Are You Properly Reporting and Paying Your Nanny, Housekeeper, or Babysitter? **By Vince Nardone, Esq., LL.M**

Many dentists may hire a nanny, housekeeper, maid, babysitter, or other household worker to assist with the day-day activities of the family. Yet, many of those same dentists are unaware of the federal and state tax payment and filing requirements for those same domestic workers. As tax enforcement increases both domestically and internationally, those dentists that fail to comply with the so called “Nanny Tax,” discussed below may find themselves under scrutiny by the Internal Revenue Service, or other state and local taxing authorities.

Who does this Nanny Tax apply to and when?

The Nanny Tax is not limited to nannies. It also applies to housekeepers, maids, babysitters, gardeners, or other household workers. Second, any dentist that pays a domestic worker over the threshold of \$1,900 (2014) within a calendar year is required to meet certain employment tax obligations discussed below.

NLG Comment: Even if the domestic worker does not meet the wage threshold, the employer is still required to adhere to certain federal and state labor laws, which will be discussed in a later article. The federal and state labor laws should not be overlooked.

There is a common misconception that household workers can be labeled as independent contractors so that payroll taxes may be avoided. The IRS has ruled that the vast majority of domestic workers should be classified as employees—rather than independent contractors—because the family has the right to control how, what, when, or by whom the work should be performed. It does not matter how many hours they work, how much they are paid, or what they are called.

There is an additional misconception among dentists that the dentist can include their domestic workers on their dental practice’s payroll. Although it may seem like a convenient way to comply with payroll and tax requirements, and even may benefit the dental practice, this is generally not permitted. For payments to represent allowable deductions for the dentist’s dental practice, the payments must represent ordinary and necessary business expenses. From the IRS’ perspective, the expenses must directly contribute to the success of the dental practice. And, because the household workers do not directly benefit the dental practice, the expenses related to the domestic workers do not represent ordinary and necessary business expenses.

What are the General Filing and Payment Requirements?

Once we determine that the dentist has a domestic worker that is subject to the Nanny Tax, we have some basic responsibilities:

1. Withhold Social Security and Medicare taxes from the employee’s paycheck (or pay it on their behalf) as well as all required state taxes. In 2014, Social Security tax is applied to the first \$117,000 of wages, but Medicare tax is uncapped. Dentists are not required to withhold income taxes from the domestic worker’s pay, although it is strongly recommended that they do so to help the domestic worker avoid underpayment penalties.
2. Dentists can expect to pay employer taxes in the range of 10 percent to 12 percent of their employee’s gross wages. Specifically, 7.65 percent is paid in the form of PICA taxes (6.2 percent Social Security tax plus 1.45 percent Medicare tax) and the remainder for federal and state unemployment insurance. Just like employee withholdings, some states have small additional taxes dentists may have to pay for their domestic workers.
3. As a household employer, the dentist also has a legal obligation to verify that the domestic worker is permitted to work in the United States. Specifically, the Department of Homeland Security asks each household employer to utilize Form I-9, which verifies the identity and employment eligibility of all workers. This form does not have to be filed with the U.S. Citizenship and Immigration Services, but it must be kept in the employer’s records for either three years after the employee begins work or one year after the employee is terminated, whichever date is longer.⁶ Hiring or continuing to employ someone that is not allowed to work in the United States can carry a fine of to \$3,200 for each worker.

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More Specifics on Filing and Paying Requirements

Both an employer and a nanny have an obligation to pay FICA taxes. As an employer, you are responsible for withholding your nanny's share of FICA. In addition, you must pay a matching amount for your share of the taxes. The FICA tax is divided between social security and Medicare. The social security tax rate is 6.2% for the employer and 6.2% for the nanny, for a total rate of 12.4%. The Medicare tax is 1.45% each for both the employer and the nanny, for a total rate of 2.9%.

Example: In 2014, you pay your nanny \$300 a week, and no income tax withholding is required. You must withhold a total of \$22.95, consisting of \$18.60 for your nanny's share of social security tax (\$300 x 6.2%) and \$4.35 (\$300 x 1.45%) for your nanny's share of Medicare tax. You would pay the nanny a net of \$277.05 (\$300 - \$22.95). For your (employer's) portion, you must also pay \$22.95 (\$300 x 7.65%), for total taxes of \$45.90.

You also have an obligation to pay FUTA tax if you pay a total of \$1,000 or more in cash wages (excluding the value of food and lodging) to your nanny in any calendar quarter or the current year or last year. The FUTA tax applies to the first \$7,000 of wages paid. The maximum FUTA tax rate is 6.0%, but credits reduce this rate to 0.6% in most cases. FUTA tax is paid only by the employer, not by the employee, so don't withhold FUTA from the nanny's wages.

Reporting and paying: You must satisfy your Nanny Tax obligations by increasing your quarterly estimated tax payments or increasing your withholding from your wages, rather than making an annual lump-sum payment. As an employer of a nanny, you do not have to file any of the normal employment tax returns, even if you are required to withhold or pay tax (unless you own your own business, see below). Instead, you just report the employment taxes on your tax return, Form 1040, Schedule H.

On your income tax return, you must include your employer identification number (EIN) when you report the employment taxes for your nanny. The EIN isn't the same number as your social security number. If you already have an EIN from a previous nanny, you may use that number. If you need an EIN, you must file Form SS-4 to get one. But, if you own a business as a sole proprietor, you must include the taxes for your nanny on the FICA and FUTA forms (940 and 941) that you file for your business. And you use the EIN from your sole proprietorship to report the taxes for your nanny.

You also required to provide your nanny with a Form W-2. If her 2014 wages are subject to FICA or income tax withholding, the W-2 is due by Feb. 2, 2015. Additionally, you must file a Form W-2 for 2013 with the Social Security Administration by March 2, 2015. Your EIN must be included on the Form W-2.



Quote of the Month

“The true measure of wealth is net worth, not working income.”

T. Harv Eker

“Secrets of the Millionaire Mind: Mastering the Inner Game of Wealth.”

Nardone Dental Practice Advisor



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