How to Make Your Practice More Productive

Scott Levin, DDS
George Koumaras, DDS

P701

Thursday, October 15, 2009
8 am - 11 am

All follow-up questions can be directed to AAOMS at 800-822-6637
Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
Going Lean

Donna Weinstock

P702

Thursday, October 15, 2009
8 am - 11 am
Doctor, Your Check has Bounced Again! Protect What You Collect!

Donald P. Lewis, Jr., DDS

P703

Thursday, October 15, 2009
8 am - 11 am

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Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
Clinic and Legal Planning for Life Emergencies

Joseph M. LaBella, JD, BA
Randy Marie Daigler, BA

P704

Thursday, October 15, 2009
9 am - 12 pm

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Clinic and Legal Planning for Life Emergencies

Randy Marie Daigler, BA
Joseph M. LaBella, JD, BA

P704

Thursday, October 15, 2009
9 am - 12 pm

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
Got OSHA? 6 Easy Steps to Office Safety

Leslie Canham, CDA, RDA

P705

Thursday, October 15, 2009
9 am - 12 pm

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
Achieving Accreditation for Office Based Surgery from AAAHC

M. Edmund Braly, DDS

P706

Thursday, October 15, 2009
1 pm - 4 pm

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
Hiring Right the First Time

Donna Weinstock

P707

Thursday, October 15, 2009
1 pm - 4 pm
Listen Up Leader! "Your staff has something to say"

Betsy Wheat

P708

Thursday, October 15, 2009
1 pm - 4 pm
Common Sense Wealth

Kenneth Thomalla, CPA, CLU, CFP
Jeffrey E. Wherry, CFP, CLU

P709

Thursday, October 15, 2009
1 pm - 5 pm

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Common Sense Wealth

Jeffrey E. Wherry, CFP, CLU
Kenneth Thomalla, CPA, CLU, CFP

P709

Thursday, October 15, 2009
1 pm - 5 pm

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
Navigating OMS Practice Transitions

Roger K. Hill, MSA, ASA

P710

Thursday, October 15, 2009
1 pm - 5 pm

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
Tax and Financial Planning

Charles Blair, DDS

P801

Friday, October 16, 2009
8 am - 11 am
How to Protect the Office from Payroll Pitfalls

Jennifer M. de St. Georges

P802

Friday, October 16, 2009
8 am - 11 am

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
Advanced Coding Principles for Accurate Claims Filing

Dawn W. Jackson, DrPH, RHIA, CCS-P

P803

Friday, October 16, 2009
8 am - 12 pm

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
So You Haven’t Extracted the Wrong Tooth….Yet? Avoid the Pitfalls of Wrong Tooth Surgery!

Richard C. Robert, DDS, MS
Arthur Curley, JD

P804

Friday, October 16, 2009
9 am - 12 pm

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
So You Haven’t Extracted the Wrong Tooth….Yet? Avoid the Pitfalls of Wrong Tooth Surgery!

Arthur Curley, JD
Richard C. Robert, DDS, MS

P804

Friday, October 16, 2009
9 am - 12 pm
Mining for Gold-Using Practice Management Reports for Profit

John S. Bauer, MBA, FACMPE
Robert G. Haney, BBA

P805

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9 am - 12 pm

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Robert G. Haney, BBA
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Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
Focus on Profitability for the Efficient Practice

Charles Blair, DDS

P806

Friday, October 16, 2009
1 pm - 4 pm
On the Road from Residency to Retirement - One Surgeon's Experience

David M. Rainero, DMD

P807

Friday, October 16, 2009
1 pm - 4 pm

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
Successfully Dealing with the Dissatisfied Patient

Scott McDonald, MA

P808

Friday, October 16, 2009
1 pm - 4 pm

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
Million Dollar Verdicts, The Law & Litigation of Nerve Injuries

Arthur Curley, JD

P809

Friday, October 16, 2009
1 pm - 4 pm

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
Critical Business of "Best" Strategies

John S. Bauer, MBA, FACMPE
Robert G. Haney, BBA

P810

Friday, October 16, 2009
1 pm - 4 pm

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P810

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
OMS Office Sites: New Offices, Satellites and Second Offices

Scott McDonald, MA

P901

Saturday, October 17, 2009
8 am -11 am

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
Associateship-Planning-Buy-in-Buy-Out

Stanley L. Pollock, DMD, MS, PhD, JD

P903

Saturday, October 17, 2009
8 am - 11 am

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
T.O.R.C.H.E.S.; How to Manage Any Crisis, Any Time!

Marshall L. Wade, DDS

P904

Saturday, October 17, 2009
9 am - 12 pm

All follow-up questions can be directed to AAOMS at 800-822-6637
Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
Dare to Compare

John S. Bauer, MBA, FACMPE
Robert G. Haney, BBA

P905

Saturday, October 17, 2009
9 am - 12 pm

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Dare to Compare

Robert G. Haney, BBA
John S. Bauer, MBA, FACMPE

P905

Saturday, October 17, 2009
9 am - 12 pm
Referral Base Survival: Starting From Scratch or Repairing the Breach

Scott McDonald, MA

P906

Saturday, October 17, 2009
1 pm - 4 pm

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
Testify to Win-How to Prevail at Trial

Michael S. Hauser, DMD, MD

P907

Saturday, October 17, 2009
1 pm - 4 pm

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
Developing an Exit Strategy for Your Practice
Estate Planning Fundamentals

Stanley L. Pollock, DMD, MS, PhD, JD

P908

Saturday, October 17, 2009
1 pm - 4 pm

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
Improving Practice Profitability in a Lean Economy

Max Reiboldt, CPA

P909

Saturday, October 17, 2009
1 pm - 4 pm

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
PM Roundtable - Peer Problem Solving

John S. Bauer, MBA, FACMPE
Robert G. Haney, BBA

P910

Saturday, October 17, 2009
1 pm - 4 pm

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Ms. Patricia Serpico, Manager, Practice Management & Reimbursement, ext. 4394
Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
Practice Management Roundtable - Peer Problem Solving

Robert G. Haney, BBA
John S. Bauer, MBA, FACMPE

P910

Saturday, October 17, 2009
1 pm - 4 pm

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Ms. Beth Hayson, Senior Staff Associate, Practice Management, ext. 4357
ASSOCIATESHIP
STAN POLLOCK
DMD, MS, PHD, J D, MCBA
AAOMS
ANNUAL MEETING
91st

HOW TO PLAN AND SUCCEED IN AN ASSOCIATESHIP

YOU ARE AWESOME
PROFILE

Degrees: BS, DMD, MS, BS, PHD, JD
Training: Internship (Bellevue Hospital, NY)
Residency (Magee Hospital, Pittsburgh, PA),
University of Pittsburgh School of Health
Professions (PA)
Certifications: CFP, ChFC, MCBA, BVAL, ABAR,
CMEA, AM&A
Diplomates: ABOMFS & National Board of the Dental
Society of Anesthesiology.
Fellow AAOMS & ACOMFS
Arbitrator, Mediator, Author, Speaker
Voted: One of 150 Best Financial Planners for
Doctors in the United States
USAF – active and reserve service

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prepared and presented for educational and
informational purposes. They are not and should
not be considered legal advice or legal opinions
on any specific matter. Attendees, readers and all
other individuals shall not act upon any
information without seeking competent legal and
other professional advice, opinion and guidance.
The expressed opinions are those of the author
and presenter solely and not those of the
American Association of Oral & Maxillofacial
Surgeons.

MISSION

TO EXPLAIN THE ASSOCIATESHIP PROCESS
HELP YOU UNDERSTAND & APPRECIATE
THE MYRIAD CONCEPTS
HELP YOU BE SUCCESSFUL!
TERMS

THE BUSINESS ENTITY
SOLO PRACTITIONER - GROUP
CORPORATION - C & S
LIMITED LIABILITY COMPANY
GENERAL PARTNERSHIP
LIMITED LIABILITY PARTNERSHIP
UNIT
STOCK
INTEREST
SENIOR
JUNIOR
ASSOCIATE

CHANGES IN OMFS PRACTICE

Supply of Oral & Maxillofacial Surgeons
Advances in Technology
Rising Cost of Practice
BIG Business
Increasing Liability Risks
Compliance

FURTHER
UNIQUE
&
WONDERFUL
SINGLE - MULTI-DOCTOR GROUP
CUSTOMIZE
### Alternatives

- Employee-Independent Contractor
- Research – Academia
- Establish practice
- Purchase practice
- Military – PHS
- Associateship

### Types

- Employee-Employer
- Independent Contractor-Employer
- Time-Space-Expense Sharing
- Owner-Partner
- Partnership of Corporations

### Associateship

- Equity Type (Long-Term)
  - Neophyte
  - Equity Owner
  - Equal Owner
  - Departure
MISSION - VISION - GOALS
CONFIDENTIALITY - PROFESSIONALISM
WHAT ARE YOU TRYING TO ACCOMPLISH?
WHAT ARE YOUR GOALS & OBJECTIVES?
WHERE ARE YOU TODAY?
WHERE DO YOU WANT TO BE IN 1-5-10 YEARS?

REASONS
Start-Prolong a Career
Initiate New Methods/Techniques
Share Fixed Overhead Expenses
Maximize Use of Office Space
Relieve Excess Patient Load
Make Life/Practice Easier
Create New Markets
Mutual Consultation
Expansion
Merger
Other

THE PROCESS
ANALYSIS - CONSIDERATIONS
PHASES
TRIAL OR BREAK-IN
BUY-IN
BUY-OUT
PREPARATION
GENERAL
LONG - SHORT TERM
EXPECTATIONS
OBJECTIVES
CONCERNS
MISSION
GOALS

ANALYSIS - CONSIDERATIONS
SENIOR ASSOCIATE
CAN/WILL PRACTICE AFFORD AN ASSOCIATE
WILLING TO SHARE, TEACH, CHANGE, LEARN
CONTROL - THE "PSYCHOLOGICAL FACTOR"
FINANCIAL CONDITION SATISFACTORY
Adequate equipment & furniture
EXPERIENCED TEAM – CONSULTED
NEW OR ADDITIONAL EQUIPMENT
FUTURE PLANS - EXPANSION
Adequate patient load
ADVANCED SCHEDULE
Adequate facility
Adequate staff
OTHERS ?? ??

ANALYSIS - CONSIDERATIONS
JUNIOR ASSOCIATE
EDUCATIONAL, RELIGIOUS, HEALTH CARE FACILITIES
ENVIRONMENTAL, CLIMATE, RECREATIONAL
LIVING AND PARTICIPATING IN COMMUNITY
TEAM PLAYER AND GROUP ORIENTED
HOUSING – SUITABLE, REASONABLE
DISTANCE TO/FROM FAMILY
OVERALL TAX SITUATION
CONVENIENT SHOPPING
SPOUSAL EMPLOYMENT
SCOPE OF SURGERY
COST OF LIVING
OTHERS ?? ??
FINANCIAL FACTORS
BOTH

Professional advisors - consultant, accountant, attorney
Equipment & furniture - additional, refurbish
Staff - increase, full-time, part-time
Advertising - advertisements
Office - space - expansion
Appraiser - appraisal
Compensation
Signing bonus
Interviews
Relocation
Benefits
Other

ESTIMATED INITIAL COST
DR. SENIOR

Legal/accounting-consulting $5,000
Comprehensive appraisal 3,000+
Advertising 1,000
Recruiting, interviews, etc. 5,000
Miscellaneous 1,000
Total $15,000

FROM SOLO TO CORPORATION, LLC - OTHERS

ESTIMATED INITIAL COST
DR. JUNIOR

Advertising - inquiries $500
Travel 1,000
Legal - accounting - consultant 2,500
Miscellaneous 1,000
Total $5,000
IMPORTANT STEPS

Advertise
Preparation
First Interview
Second Interview
Follow up Interviews
Professional Advisors

ADVERTISE

AAOMS PUBLICATIONS
OTHER PUBLICATIONS
PROGRAMS
DIRECTORS
“WORD OF MOUTH”

PREPARATION

Fact Pact - Dream Sheet
Competent Advisors
Expectations - Concerns
Goals & Objectives
Mission Statement
APPRAISAL
Budget
PACKAGE PRO-FORMA

<table>
<thead>
<tr>
<th>Description</th>
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<td>BASE SALARY</td>
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<td>INCENTIVE COMPENSATION</td>
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<td>SOCIAL SECURITY, UNEMPLOYMENT +</td>
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<td>LIABILITY INSURANCE –MALPRACTICE</td>
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<tr>
<td>HEALTH-CARE – FAMILY</td>
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<td>PROMOTION – NOTIFICATION</td>
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<td>CONTINUING EDUCATION</td>
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<tr>
<td>DUES, DEA, LICENSES, APPLICATIONS</td>
<td>2,500</td>
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<tr>
<td>PRINTING, STATIONERY, SIGNS</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 199,500</strong></td>
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</table>

BREAKEVEN POINT

\[
$199,500 = \frac{424,468}{0.47^*}
\]

* Net profit percent

FACT PACT - TERMS

- **Status** - full-time employee of OMFS Practice Entity
- **Term** - 12 months - 30-90 day termination by either party without cause & without liability - "at will" - automatic renewal
- **Compensation** - Year one - $150,000. Incentive?
- **Covenants** - anti-solicitation clauses - 24 months – ___ air miles from each office - consideration
- **Benefits**
  - Professional liability insurance (malpractice) -- Associate to pay for “tail” upon departure prior to becoming an equity owner
  - Health care – family
  - Professional dues (specific), licenses, DEA certificate, applications
  - Continuing education ($1,500) vacation, sick leave - three weeks (continued)
FACT PACT - TERMS

Consideration for American Board examinations
Facility, personnel, equipment, supplies, cell phone/pager
Social security, Medicare, unemployment-worker’s compensation
Other

At the end of the Initial Term, provided Associate’s professionalism and production/collections are adequate and it is mutually agreeable, the Doctors shall commence Associate’s buy-in to become an equity owner in the Practice entity. Dr. Senior has had the Practice entity realistically valued and shall hold that value through the Initial Term. Dr. Senior shall prepare and present a Plan for Associate’s Buy-in

Doctors shall monitor all aspects of Associateship during term(s) of Associateship (Progress Analysis).

FIRST INTERVIEW
Confidentiality
Philosophical Discussion
Characteristics of Practice
Characteristics of Community
What each can/will offer
References – Permission
The Fact Pact

SECOND INTERVIEW
Observation
More Discussion
Competent Advisors
Office-Hospital-Facility
Review terms of fact pact
Letter of Intent - Agreement
ADDITIONAL INTERVIEWS

Introduce Spouses - Others
Review Previous Matters
Competent Advisors
The Agreement

DECISION TIME!

Terms/Aspects
Values – Valuation
Discussion with advisors
Detailed Employment Agreement

RESTRICTIVE COVENANTS

1. Is restraint unreasonable in terms of geographic area?
2. Is restraint unreasonable in terms of length of time?
3. Is restraint greater than necessary to protect legitimate interest of party?
4. Is restraint unduly harsh or oppressive?
5. Is restraint harmful to public interest?
6. Important - Consideration

Source: Karpinsky v. Ignasci, 268 NE 2d 751 (1971)
I

TRIAL PHASE

EMPLOYMENT AGREEMENT
PRACTICE VALUATION -- PLAN

II

BUY-IN PHASE

UNIT-STOCK-INTEREST ADMINISTRATIVE/
PURCHASE EMPLOYMENT MANAGEMENT
BUY-SELL AGREEMENT

III

Departure

Unit-Stock-Interest Purchase
Additional

Intangible Purchase

Buy-Sell

PHASE ONE - TRIAL

Associate works in practice with doctor(s) on a trial or break-in basis. Term is usually one year. Depending upon circumstances, may be six months to two years.

- Employment agreement
- Valuation of practice entity
- Method of buy-in outlined (“Plan”)
- Bailouts
If relationship has been mutually favorable and productivity satisfactory, the buy-in commences. The valuation and purchase price are firmed up. Plan is initiated. Simply, this is how and when associate becomes equity owner.

- Employment agreements – Doctors
- Stock, unit, interest purchase agreement
- Administrative/management agreement
- Buy-sell agreement

**BUY-IN SCHEMATIC**

Entity Value - 100% $600,000

- Buyer’s Interest - 50% $300,000

  - Tangible Asset Value $100,000 (Stock/Unit Purchase)
  - Intangible Value $200,000 (Income Adjustment)

  - $20,000, per year x 5 (10% per year)
  - $40,000 per year x 5 + 25% (tax differential)
  - $50,000 per year x 5
STOCK PURCHASE

ASSOCIATE’S PURCHASE
50% - $300,000
$300,000 x 40% tax rate = $420,000
$420,000/5 yrs = $84,000 year

INCOME SHIFT

<table>
<thead>
<tr>
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<td>$100,000</td>
<td>$200,000</td>
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<tr>
<td>40%</td>
<td>25%</td>
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<tr>
<td>140,000/5 yrs</td>
<td>50,000</td>
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<tr>
<td>$ 28,000/yr</td>
<td>+ 200,000</td>
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<tr>
<td></td>
<td>$ 250,000/5</td>
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<tr>
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<td>$ 50,000/yr</td>
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</tbody>
</table>

TOTAL: $78,000/yr

DIFFERENTIAL

Plan A  Plan B  SAVINGS
$ 84,000/yr  $ 78,000/yr  $ 30,000
COMPENSATION

Equal
Production/collection percent
Production/collection % less expenses
Equal percent/production expense (50/50 – 25/75)
Fixed salary - associate
Fixed salary + incentive
Percent of senior doctor's compensation
Additional

EXPENSES

ALL

FIXED

VARIABLE

DIRECT

BENEFITS

MAJOR FACTOR
PHASE THREE – BUY-OUT

Simply, this is the time when a full equity owner departs from Practice. The Buy-sell agreement describes how and when the owners depart and how much she/he will receive and much more!

COMPREHENSIVE BUY-SELL AGREEMENT MUST BE IN PLACE!

PHASE THREE – BUY-OUT

REASONS - THE TRIGGERS

Death
Drugs
Divorces
Disability
Departure
Don't know
Disenchanted

PHASE THREE – BUY-OUT

VALUATIONS - VALUES

TANGIBLE & INTANGIBLE ASSETS

VALUED ANNUALLY
BUY-OUT - CONSIDERATIONS

Salary continuation
Part-time employment
Deferred compensation
Intangible value—goodwill
Covenant not to compete
Consultant arrangements
Accounts receivable—liabilities

BUY-OUT SCHEMATIC

Entity Value—100%
$1,000,000
PRACTICE
VALUE
$500,000
50%

DEPARTURE
UNIT – STOCK – INTEREST  INTANGIBLE ASSETS
$100,000  $400,000
ADDITIONAL

FUNDING THE BUY-OUT

Comprehensive buy-sell agreement
Annual reviews, updates and attention

Insurance—life—disability buy-out
Business interruption insurance
Pension/profit sharing plans
Deferred compensation
Non-qualified plans
Salary continuation
Consultation agreement
STRUCTURING THE PAYOUT

1. Stock, units, interest
2. Intangible assets – goodwill, covenant not to compete, records, etc.
   A. Entity portion
   B. Owner’s portion

#1 PRACTICE VALUE
$1,000,000 - 100%
500,000 - 50%
1. Stock - $100,000
2. * Intangible assets – $400,000
   * Goodwill, covenant not to compete, etc.

#2 PRACTICE VALUE
$1,000,000 - 100%
500,000 - 50%
1. Stock - $100,000
2. Intangible assets – $400,000
   A. Practice portion - $50,000
   B. Departing Dr's. portion - $350,000
STRUCTURING THE PAYOUT

#3 PRACTICE VALUE

$1,000,000 - 100%
500,000 - 50%

1. Non-owner purchases
2. Departing Dr's portions
3. Forms separate entity

FAILURES

Lack of planning
Lack of understanding
Unrealistic expectations
Incompatible philosophies
Unwillingness to devote time
Unwillingness to relinquish-accept control

THE FORMULA

Proper planning
+ Reasonable attitudes & actions
+ Constant monitoring

A SUCCESSFUL ASSOCIATESHIP!
BULLETS
1. Confidentiality, sincerity, honesty and professionalism are paramount
2. Understand the process - be prepared
3. Allow sufficient time for all processes & phases
4. Communicate on the highest level-keep it open-do not stall
5. Consult and work with qualified, experienced individuals.

BULLETS
6. Associateship is serious and, normally, career-shaping business – “don’t play games”
7. Look at the overall “big picture”
8. Think: where do I/we want to be in 5-10-15 years?
9. Don’t try to “squeeze” every drop out of every situation. Think & act being professional all the time

BULLETS
10. Remember, someone started the practice, nurtured it and took it to the level for associateship. Seniors shall pass the baton to juniors
11. All parties have a great deal to accomplish, gain - or lose!
QUESTIONS

THANK YOU
YOU ARE, INDEED, AWESOME!

ENJOY THE MEETING