



ADS Florida Insider

EXPERIENCE, INFORMATION AND CONSULTANTS YOU CAN TRUST

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ADS Florida
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Gambling with Your Retirement

In a recent article, a "Transition Analyst" proclaimed:

"Cash is king, and the time to invest in the stock market is when stock prices are at an all-time low, not when they are at all-time highs. Converting assets into cash and having it available for investment when the time is right could help you to make up for those big portfolio losses you recently incurred in the stock market."

[W]ould selling your practice and retain the right to continue earning income from it for another 5 or 10 years be a good alternative for you?... How about getting 100% of your equity out of your practice today and continue as an owner of your practice for the next 10 or 15 years? That's right, get paid 100% of all your practice equity and continue as an owner and enjoy sharing in its profits for years to come... Use that practice equity for investment or put it in savings for your retirement, either way, it can provide you with a lot of security for the future."

We've heard this before. Sell your practice now and invest in the stock market, become a trader. But even the author acknowledges that advice from your financial advisors may have led to record losses in your stock portfolio and retirement accounts. Are you ready to gamble with your retirement?

You may have thought the sale of your practice would provide for your retirement. Most dentists who reach retirement age with this assumption are sadly mistaken. The sale of your practice will only be an addition to the retirement money you should have already put away. And with the boom and busts we have experienced over the last decade, we see dentists forced to work many more years than they had ever imagined, just for the possibility of retirement. Many may never be able to retire comfortably.

So when is a good time to sell your practice and what can you expect from the sale? The answers are of course individual and multifaceted. It is unlikely that any purchaser will be willing to pay you the full value of your practice and allow you to "continue as an owner" as the author proclaimed, if for no other reason than the purchaser cannot afford to do so. The seller's continued participation in the practice after a sale is a function of the size of the practice and the price that the purchaser pays. Since the purchaser is really buying income, the practice net income will need to be split between all of the dentist producers. If you want the highest purchase price, in most cases, you're going to have to sell the entire practice and leave. Larger practices, those grossing over \$800,000 may have enough income to allow the seller and purchaser to practice together, but with significantly reduced income expectations. With smaller practices, it is unlikely there is enough income to support more than the purchaser and the purchaser's loan repayment.

The income of the practice is only one factor to be considered when discussing how seller and purchaser will continue to work together. Other issues include the physical size of the office, staff loyalty, patient loyalty and practice management.

Selling your practice and keeping the practice income is fiction. If you cannot afford to sell your practice, don't do it. Many dentists who prematurely sold their practices and became stock market gurus found themselves looking for associate positions to make ends meet at home. They often found that they left a comfortable patient base and atmosphere, and now are resigned to doing HMO patient treatment for a not so local clinic or DMSO due the reality of available opportunities or their restrictive covenant terms. Not only is this not the dentistry or practice environment they have been accustomed to, but, the scenario has most often proven to be a detriment to their annual income and ongoing lifestyle.

Do you have what may be considered a "smaller" practice? Some dentists with smaller practices fear that when approaching retirement with a declining practice income they must rush to sell before the practice value drops even more. We find that if a practice's income is steady or even slightly decreasing, it can be financially advantageous to work for a few more years and then sell or even close the office if no purchaser can be found. Even if the gross revenue of the practice drops in that period and the doctor's income and the practice value are adjusted down with the revenue decrease, there are probably not too many investments that you can "control" that will have the tangible and intangible return equal to owning your own practice.

Mortgage brokers a couple of years ago told homeowners to take second and third mortgages on their homes while they could and invest that money for higher returns, and now we're all living with the consequences of that fiasco. If you are considering the sale of your practice now or in the next five years, consider what choices you have in the real world. You can always gamble with your retirement later.

Excerpt reprinted from the Winter 2010 Atlantic Coast District Dental Association Newsletter.



Upcoding for Profit – Insurance Fraud?



In an article published last year, we brought to your attention the increasing interest that IRS is paying to professional associations and corporations. This increased interest was subsequently confirmed when Dr. Alan Vance in West Virginia reached a settlement for the underpayment of taxes and was fined \$40,000 in addition to one year in federal prison and three years of supervised release. Now the Department of Justice, in addition to the IRS, is increasing its scrutiny of some dental practices.

In January 2010, the United States announced that it settled False Claims Act allegations against FORBA Holdings LLC, a dental management company that provides management and administrative services to 69 clinics nationwide known as "Small Smiles Centers." It was alleged that FORBA submitted claims to state Medicaid programs for medically unnecessary dental services or performed services that failed to reach professionally recognized standards of care on children insured by Medicaid, which is funded jointly by the federal and state governments.

To resolve the allegations, FORBA agreed to pay \$24 million (plus interest) and entered into an expansive five-year Corporate Integrity Agreement with the Department of Health and Human Services to put into place procedures to monitor quality of care and reimbursement processes. While allegations of the fraud by FORBA have been satisfied by this agreement, FORBA has also agreed to cooperate in the government's continuing investigation of individual dentists who may have violated professional standards.

So you may ask, how does this impact me? Well in these tough economic times there are still only two ways to improve your practice's bottom line profit – reduce expenses or increase revenue and most dentists have already been very diligent about controlling the costs of running their practice, squeezing the maximum benefit out of watching expenses.

The only other option to increase profits is to find ways to increase practice revenue. Seeing the number of patient visits continuing to decline with more patients deferring treatment, many dentists are listening to the siren's song of increasing collections by maximizing insurance coverage and reimbursement for certain procedures. While it is certainly within the rights of dentists to be fairly reimbursed for the procedures they perform, some consultants and dentists have resorted to creative coding in an effort to maximize insurance reimbursement. It can be a fine line, though, between obtaining the reimbursement you are entitled to and committing insurance fraud by "unbundling" and "upcoding" procedures.

The American Dental Association (ADA) defines unbundling of procedures as "the separating of a dental procedure into component parts with each part having a charge so that the cumulative charge of the components is greater than the total charge to patients who are not beneficiaries of a dental benefit plan for the same procedure." Upcoding is defined by the ADA as "reporting a more complex and/or higher cost procedure than was actually performed."

While physicians and hospitals have typically been implicated in unbundling and upcoding, the FORBA case shows the reach of the government's enforcement efforts into dentistry. And as private insurance companies feel the squeeze of profits and look to control their own expenses, the insurance companies are sure to scrutinize the claims being submitted to them for reimbursement.

As dentists, we might think upcoding and unbundling does not matter, because it is the insurance company who pays for it. However, the practice costs all of us money with no real benefit to anyone's health. When a Medicaid patient is upcoded, we all pay for it with our tax dollars. The effect on private insurance companies will be evidenced by raising your patients' premiums or reducing benefits and reimbursement to you – the dentist.

The practice of upcoding procedures to bypass insurance company reimbursement limitations and increase practice income is certainly being watched by insurance companies and regulatory agencies. Due in part to sheer numbers of dentists, and in part to the absence of Medicaid payments in most dental practices, upcoding still flies under the radar of most federal investigations. However, state insurance departments and individual insurance companies do not work with the same monetary thresholds. It is not unreasonable to assume that as more focus is placed on medical and dental insurance policy, flagrant disregard for proper treatment and reimbursement protocol will be a focus in the future.

In the FORBA case, it was the result of complaints by individuals, "whistleblowers" that initiated the government investigation. Increasingly, patients are being asked to report instances of upcoding to government agencies and insurance companies. The ongoing government investigation in the FORBA case can only mean that the individual dentists are being scrutinized as complicit in the fraud.

Each dentist has the ethical and legal responsibility to ensure the integrity of treatment provided to patients as well as correctness of the insurance billing process. Committing insurance fraud can cost you more than a fine, it can cost you your license to practice dentistry.

**Don't Become
Tomorrow's Headline**



Practice Transitions Made Perfect

General and Specialty Practice Purchase Opportunities

WEST FLORIDA

Contact: Greg Auerbach, MBA or Paul Rang, DMD, JD

		Gross	Buyer Net
Bradenton	3 ops PPO/FFS Cerec, Biolase, RE Avail	\$375K	\$72K
Brandon Area	4 ops FFS/PPO RE Avail	\$960K	\$275K
Carrallwood	2+3 ops FFS RE Avail	\$200K	\$24K
North Port	7 ops PPO/FFS Digital X-Ray RE Avail	UNDER CONTRACT	
Venice	3 ops FFS/PPO Long Established	\$500K	

Specialty Practices

St. Petersburg	Pediatric 6+1 ops FFS/PPO 3.5 days/wk	\$850K	\$294K
Tampa	Endo 2+1 ops FFS/PPO	\$400K	\$152K

Practice Ready Facilities

Sarasota	4+1 ops 1300 SF Equipped on Major Road	\$75K	
Tampa	2 +1 ops Approx 1000 SF	\$95K	

SOUTHWEST FLORIDA

Contact: Greg Auerbach, MBA or Hy Smith, MBA

		Gross	Buyer Net
Fort Myers TRACT	4 ops FFS 2000 SF RE Avail.	UNDER CON-	

Specialty Practices

Proths	5 ops FFS 1900 SF Real Estate	\$1.4M	\$331K
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CENTRAL FLORIDA

Contact: Paul Rang, DMD, JD

		Gross	Buyer Net
Gainesville	4 ops FFS/PPO Pano	\$1.1M	\$316K
Levy County	7 ops 3 days/wk	\$362K	\$145K
Mt. Dora - Eustis	4+1 ops FFS/PPO dig. xray, Pano	\$623K	\$182K
Mt. Dora - Eustis	4 ops FFS Pano, 3 days/wk RE Avail.	\$500K	\$129K
Orlando	3+1 ops FFS/PPO/HMO dig. xray	\$422K	\$100K
Orlando	6+2 ops FFS/PPO/HMO Pano, dig. xray RE	\$914K	\$266K
Orlando	3+1 ops FFS/PPO	SOLD	
Orlando	4 ops FFS/PPO Pano, dig. xray, Cerec	UNDER CONTRACT	
Orlando	5 ops FFS/PPO Pano	Ask \$185K	
Vero Beach	3 ops Equipped Condo	Ask \$375K	

Specialty Practices

Space Coast	Perio - 4 ops FFS Pano 3 days/wk	\$443K	\$139K
Orlando	Prosthodontics 2 ops FFS Pano	\$411K	

Associate Positions

General	Mt. Dora - Eustis
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SOUTHEAST FLORIDA

Contact: Stuart M. Auerbach, DDS

		Gross	Buyer Net
Coral Springs	4 ops 2 days/wk Shopping Center	Ask \$150K	
Coral Springs	6 ops FFS PPO Digital X-Ray and Pan	\$1.1M	\$375K
Delray Beach	4 ops FFS / PPO / HMO	\$500K	\$158K
Lauderhill	4+1 ops FFS/PPO	SOLD	
Miami	7 ops PPO/FFS/HMO	\$450K	\$100K
N. Miami	5+1 ops FFS/PPO	Ask \$80K	

Specialty Practices

Indian River County Perio	5 ops new equipment w/Condo
Palm Beach County Pedito	3 ops Bay 2 ops Pvt. FFS/PPO *ALL NEW* Ask \$360K

Practice Ready Facilities

Coral Springs	4 ops 2 days/wk Shopping Center	Ask \$150K
Vero Beach	3 ops Condo w/equipment	Ask \$375K

Associate Positions

General	Miami
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NORTH FLORIDA

Contact: Paul Rang, DMD, JD

		Gross	Buyer Net
Destin Area	2+2 ops FFS dig. xray, Pano 2.5 days/wk	\$489K	\$150K
Fort Walton Beach	4 ops FFS pano 2 days/week RE Avail.	\$220K	
Jacksonville	9 ops FFS pano	\$1.7M	\$600K
Lake City Area	5 ops FFS pano 3 days/week RE Avail.	\$348K	\$107K
Lake City Area	3 ops FFS/PPO Pano, dig. xray RE Avail.	\$725K	\$212K
Pensacola	6 ops FFS 3 days/wk RE Avail.	\$374K	\$104K

Specialty Practices

Jacksonville	Perio 3 ops FFS/PPO Pano, dig. xray RE Avail.	\$532K	\$177K
NE Florida	Pedito 6 ops RE Avail.	\$1.2M	\$485K



For the most recently updated listings visit ADSflorida.com

We currently have buyers looking for the following opportunities:

GENERAL DENTISTRY

Broward, Collier, Dade, Hillsborough, Lee, Manatee, Orange, Pinellas, Sarasota

PEDIATRIC

Broward, Dade, Palm Beach

ORTHODONTIST

Broward, Dade

PERIODONTIST

Broward, Palm Beach



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STRATEGIC SOLUTIONS FOR ASSOCIATES, PARTNERSHIPS AND APPRAISALS

The full-day seminar steers you to towards smart transition strategies for your practice and includes private consultation and six AGD credits.

April 30 | Disney's Yacht Club Resort | Orlando
Reserve your space today, seminar.adsflorida.com.