



# ADS Florida Insider

EXPERIENCE, INFORMATION AND CONSULTANTS YOU CAN TRUST

AUGUST 2011

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Valuing Computer Systems



The Auditor's Watching!



Covenant Not To Compete

ADS Florida  
*Congratulates*

Jamie La Viola, DMD to  
Smiles Family &  
Cosmetic Dentistry,  
Sharada Kacham, DMD  
*Atlantis*

Gerald Kluff, DDS to  
Brian VanAelst, DMD  
*Tampa*

Carol Weith, DDS and  
William Weith, DDS  
to Hilary Dalton, DMD  
*Tampa*

Karl Foose, DDS to  
Rodolfo Burgos, DMD  
*West Palm Beach*

Andres Carbanaru, DDS has  
joined Weston Dental Center  
& Sharon Gilbert, DMD  
*Weston*

## Your Computer System: Asset or Liability?

by Bryan Currier, Advantage Tech



When selling a practice, one of the areas that can easily be overlooked is the computer and network technology within. Proper utilization of practice management software, imaging technologies, and the core computer system can make a world of difference in your transition. Each of these is very important to the operational efficiency of any practice. For today, let's look at the underlying computer system, which is the foundation upon which all of the practice technology is built.

### 1. Be realistic about the age of computer and network hardware

The first thing to consider when evaluating a network system is the age of the equipment. Computers in a dental office (properly managed) will last about five years before you start jeopardizing the integrity of the system. That isn't to say that you can't use them for longer, it simply means that the components within the system, from a statistical standpoint, start to break down after five years, and the rate of failure increases dramatically at this point. If you are looking at a practice that has computers that are approaching that point, take the cost of replacement into account. It's going to be a factor very soon.

When considering the investment that will be required, remember that the hardware itself is no longer the vast majority of cost. Prices on computers have come down as they have become a commodity. The services to properly install, service, update, etc need to be considered as well.

### 2. Make sure the practice I.T. system is properly managed

I've gone into many practices where they "called Sam when there was a problem with the computers." This is in line with only seeing your dentist when you have a severe problem. It is important that the network be managed by a properly trained and certified dental I.T. company. This will make your life a lot easier as a purchaser. As I tell my team all of the time – nothing is as expensive as downtime. You can't afford to have that system go down, so make sure the proper precautions are in place. It's cheap insurance.

### 3. Get a second opinion

When looking at a practice and trying to determine the status of the I.T. system, don't go it alone. There are qualified and trained I.T. people that know dental who can help. Your transitions consultant at ADS can recommend a local dental I.T. partner who is qualified to help you in this process.

Bryan Currier is president of Advantage Tech, an I.T. company dedicated to serving dental practices. Bryan has 13 years in the industry, and has assisted nearly 1,000 practices with various I.T. needs throughout his career. He has spoken at various events, including the Carestream Users Group and Microsoft Worldwide Partner Conference, and has been published in various trade journals. He resides in Florida with his wife and four children.



# Negligent or Fraudulent? Neither's Worth the Risk.

As we have discussed previously ([ADSflorida.com/articles search: Upcoding or Gotcha!](http://ADSflorida.com/articles/search:Upcoding%20or%20Gotcha!)), there is a continuing increase in vigilance of professional practices at both the federal and state levels. It has become increasingly apparent that professional practices are being scrutinized for irregularities in billings and tax returns as well as claims on their patients' insurance plans. We have long advocated that each practitioner should strongly reconsider deviations from industry norms for practice expenses, as well as insurance filings, no matter how well they seem to be hidden. Both are not that difficult for an experienced auditor to notice, but the stories continue to seemingly publish themselves. So, let's look at two more and consider the potential risks for your practice.

## CASE ONE

**Scott D. Geise, D.D.S.**

**Newfane Family Dentistry**

**Newfane, New York**

Dr. Geise pled guilty to filing a false healthcare claim and a false tax return and was indicted on 57 felony counts in 2007. According to the U.S. Attorney's Office, Dr. Geise long maintained his innocence in the case until his trial began, but then admitted the fraudulent schemes.

According to the U.S. Attorney's Office, Dr. Geise billed a patient's insurance company for a mouth guard instead of a bleach-whitening kit requested by the patient, because the whitening kit was not covered by insurance. Dr. Geise also defrauded the insurance plans of General Motors and Delphi by billing for amalgam fillings when he only applied sealants (the plans covered amalgams but not sealants).

Dr. Geise also admitted that he failed to record cash receipts as income on corporate tax returns, failed to report more than \$188,000 in income, and then failed to pay the additional corporate and personal taxes on the unreported income. Dr. Geise was ordered by a federal judge to repay \$40,023 to the insurance companies he defrauded and \$87,782 to the Internal Revenue Service for taxes he owed.

The second case considers how one orthodontist managed multiple locations and staff.

## CASE TWO

**Michael Goodwin, D.D.S.**

**Goodwin Orthodontics**

**Amarillo, Texas**

Texas Attorney General's Medicaid Fraud Control Unit received information in 2009 that Dr. Michael Goodwin was billing Medicaid for work done by his assistants – some of whom, according to an affidavit, were unlicensed and performing while he was out of town.

From April 2008 through April 2011, authorities allege Goodwin filed more than 20,000 fraudulent claims with Medicaid worth more than \$1.6 million. FBI and state investigators monitored Medicaid claims, collected bank records and interviewed Goodwin and current and former employees during their investigation. Employee interviews and airline tickets revealed Goodwin spent half of each month at another practice in Indiana, but Goodwin still submitted claims for services he supposedly rendered or supervised in Amarillo. Agents allege Goodwin hired a substitute orthodontist to be on duty in Amarillo while Goodwin was in Indiana, but that person never supervised any procedures, was not a Medicaid provider, and never recorded information in patient charts.

Agents allege it was assistants who put on and took off braces, made adjustments and fixed broken brackets. Agents also said they interviewed 10 patients who did not recognize the substitute orthodontist's photograph and also reported "they rarely saw Dr. Goodwin, and it was the assistants who did nearly all the work."

Lisa Jones, director of enforcement for the Texas State Board of Dental Examiners, said practicing dentistry without a license is a third-degree felony in Texas, and "That certainly can be prosecuted by local law enforcement." Dental assistants hold registrations with the state that allow them to provide radiographic services. Jones further said that if someone is offering services above and beyond that, they could face administrative action after an investigation.

In a report issued earlier this year, the Government Accountability Office, the investigative arm of Congress, said Medicaid is a high-risk program because of its vulnerability to fraud, abuse and improper payments. In fiscal year 2010, the federal government estimated Medicaid and Medicare made more than \$70 billion in improper payments, the GAO's report said.

Of course, these cases do not represent the majority of practices. However, the frequency of these stories indicates that there is more going on than anyone would have imagined in the past. 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. Thinking that it's ok "because everyone does it" is not a defense. It is obvious in these cases that there was specific intent to defraud, but even negligence is grounds for investigation. Filing falsified tax returns can ultimately be very costly in back taxes and penalties, and committing insurance fraud can cost you more than a fine. It can cost you your license to practice, which could be the worst transition option, or plan, of them all.

## ADS FLORIDA



### [PROFile]

**Paul Rang, DMD, JD**  
Partner  
North/Central Florida

Paul Rang is the ADS Florida representative for Central and North Florida. Paul graduated from the University of Florida College of Dentistry and practiced for 12 years in Orlando until a hand injury ended his clinical career. He then returned to University of Florida and received his law degree. With his dental and legal experience, Paul is uniquely qualified to assist dentists in their professional endeavors and is a special addition to our outstanding team. He has presented numerous courses at the local, state, and national levels on various topics including medical-legal issues concerning dentists and practice transitions. Paul lives in Orlando with his wife and has a son attending college and a daughter in middle school.

#### [Contact Paul]

407.671.2998 or Paul@ADSflorida.com

## Q&A

#### Q: What is a reasonable Covenant Not to Compete?

A: The area component of the covenant is jurisdictional and can be different for each practice and practice location. The distance for the restrictive covenant is usually correlated to the service area of the practice which is where most of the patients live and/or work, taking into account many local and regional factors.

The time component of the covenant is established by state statute and has different accepted ranges based on whether the subject of the covenant is selling a business or is an employee.

#### Q: Are Covenants enforceable?

A: In the state of Florida, covenant not to compete / restrictive covenant contracts are enforceable and care should be exercised when drafting them.

*Since a restrictive covenant is vital to almost every transition, it is important to consult with a local transitions expert and legal counsel to verify the statutes and ensure legality of a covenant.*

For answers to more Frequently Asked Questions, go to **ADSflorida.com**

## What Our Clients Say



" ADS Florida's professionalism and ethics made it possible to structure a complicated transaction through to successful completion."

— Donald J. Sammarco, DDS

" The sale process was very smooth. I received excellent counsel from Stuart Auerbach and felt very comfortable with his assistance. The documents were easy to read and understand. I will recommend Stuart to any professional who is seeking to transition."

— Dr. John Magnacca, DDS

## Meet the ADS Florida Team



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Add valuable practice management and transition content to your dental association or society programming. CEU eligible, presentation content includes:

- Is a Corporate Acquisition Over-Promising? | The Cost of Discounted Dentistry
- Preventing Partnership Peril
- Associate or No Associate?

Call ADS Florida 800.262.4119 to check availability this fall.

**Inside This Issue**

- IQ on IT:** How to value a practice's computer system.
- Fraud or Negligence?** The difference isn't worth the risk.
- FAQ:** "Covenant Not To Compete" Defined