HEALTHCARE
MANAGEMENT
CONSULTANTS

WELCOME TO 2011

ACCOUNTING PROCEDURES
&
INFORMATION

Table of Contents

Welcome to 2011!

We would like to take this opportunity to review with you information regarding our bookkeeping, payroll, accounting and tax services. This information can help ensure you get the highest possible value and quality from our services. As you review this material, you will find the items below to be our "Top Five" ways for you to get the most value from our services. We hope you will consider these as your "Top Five" for early 2011 if you have not already done so.

<u>Top Five for 2011</u>

1. **New Direct Dial Telephone Lines** – Each member of the Healthcare Management Consultants' Team has their own direct dial telephone line for your convenience. Please see page 16 for specific listings.

2. **Depositing 401k Deferrals** - Safe Harbor rule regulations require that **employee contributions and plan loan repayments must be made to the plan by no later than the seventh (7th) business day following the time the employee could have otherwise received cash** in order to be protected by the safe harbor regulation.

3. **Bank Statements -** We are encouraging our clients to sign up for on-line banking and provide us with on-line access to view your bank statements. If on-line banking is not available to you, we require that you direct your bank to mail your statements directly to *us* or mail us a duplicate copy.

4. **Client Bookkeeping Solution -** If you have not already done so, we strongly recommend installing our Client Bookkeeping Solution (CBS/ASP).

5. **Credit Card Statements -** Because of recent reports from our colleagues describing unauthorized use of company credit cards by employees, we now require that copies of the statements be sent to us each month. In addition, we must <u>*insist*</u> that a doctor/owner review the credit card statement for accuracy and approve it by initialing it prior to payment.

Bookkeeping Services

Our goal is to provide you with timely and accurate financial information about your business for accounting of your income and expenditures, asset acquisitions, collections and charges as well as tax planning and preparation and for fraud deterrence. We will ask you to submit to us your checkbook registers, bank statements, credit card statements, invoices for large purchases, and practice management reports of charges and receipts for productivity each month. We will reconcile your bank statements monthly, record other pertinent information regarding your practice financial picture and provide you with monthly financial statements and management reports.

Client Bookkeeping Solution

Healthcare Management Consultants strongly recommends CBS/ASP to gain these advantages:

- Anytime-anywhere access to your CBS software 24 hours a day, seven days a week, from any location – Private and Secure.
- Backups are on-line and automatic at Creative Solutions with no action required by you.
- Updates are automatic – no more downloading updates or wondering if you are running the latest version.
- Year-end backups emailed to HMC will no longer be required.
- No data loss if you have a hard drive crash.
- No more exports emailed to HMC – we will pull the data from the CSI site at month-end.
- All CBS modules are included in CBS/ASP (CheckWriter, PayCheck, Accounts Payable, Accounts Receivables and Financial Statements).

Healthcare Management Consultants will help you install the product, train your personnel, and set up your chart of accounts. If you ever have operational or technical questions, you will call your Healthcare Management Consultants' representative, not some faceless "1-800" support number.

CBS is a bookkeeping software package that lets you write and print professional-looking checks from your firm's printer. The software displays a check register showing your deposits and the checks you have written at a glance, so that you have instant access to up-to-date account balances and can produce valuable management reports. Since we use software that integrates with CBS, your monthly bookkeeping data is organized when it transfers to us via CBS.

During each processing period, you write checks and record your practice's day-to-day transactions in CBS. If you have a question about any transaction, you can attach an electronic "Note to Accountant." At the end of each processing period, you make your data available to us online, via e-mail, or on diskette. We retrieve your transaction information and transfer it directly into our system, so there are no transcription errors. We review your notes, answer your questions, and ensure that all transactions are marked for the proper accounts. Then we prepare your practice's financial statements, offer analysis and advice regarding your financial information and deliver your statements to you.

Bank Statements

Please contact your bank regarding on-line banking. If available and practical for you to sign up, we ask that you allow us access to your secure connection solely for the purpose of viewing the data. This will allow us to access your statement each month as soon as it is available.

Once we receive your bank statement, the information is balanced to your books and your monthly financial statements are processed. We will return your original statement to you with your monthly financials. Any notices we receive from your bank will be sent to your office immediately so that you can make your corrections in your checkbook and/or contact your patient about a returned check.

By using CBS/ASP, we will access your checkbook online and make the adjustments for you!

Practice Management Reports

Your practice management software will record your daily charges and receipts. We require these month-end reports to incorporate charges and receipts into your financial statements. Please fax/mail these reports to us each month.

Payroll Services

HMC recommends one of two options for payroll processing for your office:

Client Bookkeeping Solution – You may also choose to use our CBS PayCheck Solution software. Advantages include:

- Tax tables always current and up-to-date
- Pay salaried employees with one easy step
- Pay hourly employees by simply entering hours worked
- Predesigned reports to help with paying taxes – including an EFTPS worksheet
- Direct deposit now available through InterceptEFT Corporation
- Less rigid rules for paydays

Paychex, Inc. – We have a partnership with Paychex, Inc. to offer you access to professional payroll service with guaranteed compliance. Paychex has been in business for over 30 years and is a recognized leader in the payroll industry. Many of our clients use Paychex. Advantages and options include:

- Options for direct deposit and check-based payrolls
- Calculates and pays your federal and state tax deposits
- Automatic quarterly report filing
- Secure website for entering payroll data; phone-in optional

Shredding Service

HIPAA compliance standards now require strict security procedures to ensure the confidentiality of your patients' Protected Health Information. We recommend either of the services below. Each offers on-site mobile document destruction with customized service plans for your office.

On-Site Shred	Shred-It (http://www.shredit.com)
1-800-277-1070	1-704-424-5997

Social Security – Employee Percentage Reduced!

The Social Security rates for 2011 will be 4.2% of the first $106,800 for employees (The employer's share remains unchanged at 6.2%); plus 1.45% of all earnings above $106,800. There is no dollar amount limit for the Medicare (1.45%) portion of this tax. This change is effective for all payroll paid on or after January 1, 2011.

In addition, for self-employed persons, the rates are 13.3% on the first $106,800 and 2.90% of all earnings above $106,800.

We continue to recommend that your tax deposit be made on the same date as your payroll. You do not have adequate funds to pay the payroll if you can not also pay the tax deposit! Make a tax deposit for each payroll written. The penalty for underpayment of payroll taxes is severe. SEE PAGE 10 FOR TAX DEPOSIT RULES!

Please remember that any salary or bonus amounts paid to a physician of a corporation on or after January 1, 2011 must have Social Security and Medicare withheld at the combined rate of 5.65% of the gross amount. Failure to withhold properly could cause a penalty to be charged.

ICD-9-CM, CPT & HCPCS Coding Books

Coding books may be purchased through various vendors such as AMA, Ingenix, PMIC and the American Academy of Professional Coders. If you do not currently receive any of the catalogs the AMA catalog and coding books can be ordered by calling 1-800-621-8331 or go to their secured online order webpage at www.amabookstore.com. To order through Ingenix call 1-800-464-3469, option #1 or go to www.shopingenix.com. To order from PMIC, call 1-800-633-7467 or go to www.pmiconline.com. Certified Professional Coders (CPCs) can order coding books from AAPC by calling 1-800-626-2633 or go to www.aapc.com and then choose online store.

Employee Business Expenses

We recommend that all business related expenses be paid from your Corporation or business account. The standard mileage rate for 2011 automobile expense is 51¢ per mile.

We advise that each individual physician in the group have an account maintained in his or her name for dues and memberships, travel and lodging while at professional meetings, and automobile expenses if applicable. Please note that while all of these expenses may be 100% reimbursable to the employee, some of them may be only 50% deductible by the Corporation or business. Deductions for most club dues are prohibited.

To aid you in providing documentation necessary for reimbursement of these expenses, we are enclosing a form on which to submit your expenses. You may copy this form for use by your practice. No reimbursement should be paid without the submission of the form along with substantiating documentation. If reimbursement is made without documentation of expenses incurred, you have a "non-accountable" plan and the amount paid is likely to be taxed to the employee in the event of an audit. Please attach a copy of the form to the check copy you mail to HMC. Cash advances to attend meetings should be avoided. Thank you for helping us maintain accurate records for your practice.

Independent Contractors

We are often asked about the use of an "employee" as an independent contractor in which case you would not withhold income taxes or be liable for fringe benefits for this individual. There are very few situations in which an independent contractor relationship exists. Some questions to be asked in arriving at the determination of whether an individual is an independent contractor include:

A. **Does behavioral control over worker exist?** Behavioral control focuses on whether business has the right to direct or control how the work is done, e.g., **how** the worker performs the specific task for which he or she is hired. Factors include:

1. **To what extent are instructions given and taken?** An employee is generally subject to the business instructions about when, where and how to work; an independent contractor is not. Even if no instructions are given, sufficient behavioral control may exist if the employer has the **right to control** how the work results are achieved. Pertinent evidence includes (1) needing prior approval before proceeding, (2) rendering services personally, and (3) hiring, supervising, and paying assistants.
2. **What training does the business give the worker?** Employees may be trained to perform services in a particular manner. Independent contractors ordinarily use their own methods. The business's orientation course, safety seminars and voluntary unpaid educational programs are to be disregarded.

B. **Do financial controls over worker exist?** These factors illustrate whether there is a right to direct or control how the business aspects of the worker's activities are conducted:

1. **Can the worker realize a profit or incur a loss?** An independent contractor can make a profit or loss whereas employees can only make a profit. IRS discloses that the worker's dependence on the job is NOT a factor.
2. **Is the worker's investment significant?** An independent contractor often has a significant investment in the equipment or facilities he or she uses in performing services for someone else. However, a significant investment is not required. Pertinent evidence includes: (1) amount of unreimbursed expenses, (2) payment of business and/or travel expenses, (3) furnishing of tools and materials and (4) analysis of lease arrangements between worker and business. The IRS has listed business expenses expected to be found on the taxpayer's business return.
3. **To what extent does the worker make services available to the general public?** Pertinent evidence includes: (1) Yellow Page advertising, (2) working for more than one firm, and (3) identifying when advertising not required, e.g., use of word-of-mouth advertising and having long-term contracts.
4. **How does the business pay the worker?** An employee is generally paid by the hour, week or month. An independent contractor is generally paid a flat fee or by the job, even though it is common in some professions, such as law and accounting, to pay hourly. The payment of commissions indicate both are possible.

C. **What type of relationship between the parties exist?** These factors illustrate how the worker and the business perceive their relationship between each other:

1. **Does a written contract exist that describes the relationship the parties intend to create?** This is a new factor generally considered of lesser importance by the IRS (but more important by the courts!) as the *substance*, not the *label*, governs the worker's status. A written contract contains other evidence, e.g., method of compensation, what expenses are unreimbursed, and *how* work is to be performed.
2. **Does the business provide the worker with employee-type benefits, such as insurance, a pension plan, vacation pay, or sick pay?:** Employee benefits are *only* paid to employees! The IRS surprisingly discloses that W-2's do not necessarily indicate employee status and that incorporated workers generally will not be recharacterized as the business's employees.
3. **How permanent, on-going, is this relationship?** Permanent and indefinite relationships indicate an employer-employee relationship whereas, the IRS divulges, long-term and temporary relationships are not important evidence (e.g., independent contractors can have long-lasting relationships).
4. **To what extent are the services performed by the worker a key aspect of the regular business of the company?** Is the success of the business dependent, to an appreciable degree, upon the worker's performance? If so, an employer-employee relationship exists.

Do not treat an individual as an independent contractor just because it seems to be easier or cheaper to do it that way. Officers and Directors can be held personally liable for payroll taxes assessed as a result of an "independent contractor" being reclassified as an employee by IRS.

However, the independent contractors that you do identify and maintain a relationship with will need to provide you with their mailing address and Employer Identification Number or Social Security number. You will need this information from your attorney and your property owner if your office is rented. Other individuals/firms that may qualify as independent contractors include building/leasehold improvement services, lawn maintenance services, and computer repair/maintenance services. This companies or individuals should be given a W-9 (copy attached) when services are contracted if at all possible and certainly prior to any payments. Please fax us a copy of the W-9 to maintain for processing of 1099's at year-end.

Computing Hourly Pay Rates for Employees

To compute an hourly rate for any employee who is paid based on a 40-hour week, the following table may be used:

TYPE OF PAY PERIOD	DIVIDE SALARY BY THIS NUMBER OF HOURS
Weekly	40
Bi-weekly	80
Semi-monthly	86.665
Monthly	173.33

Common Misperceptions of Payroll Periods

There are some common misperceptions regarding semi-monthly and bi-weekly payroll periods that are helpful to clarify from time to time. *Semi-monthly* payroll periods are two pay periods each month usually on the 15th and last day of the month. *Bi-weekly* pay periods fall every other week on the same day of the week such as every other Friday. Examples are as follows:

<u>Semi-Monthly</u> - There are <u>24</u> pay periods during the year. An employee making $30,000 per year would have a regular salary of $1,250 (30,000 ÷ 24) under the semi-monthly pay period scale.

<u>Bi-Weekly</u> - There are <u>26</u> pay periods during the year. An employee making $30,000 per year would have a regular salary of $1,153.85 (30,000 ÷ 26) under the bi-weekly pay period scale. Each check is slightly smaller under this scale compared to the semi-monthly scale since there are 26 pay periods versus only 24 pay periods under the semi-monthly scale.

Notes:

- Sometimes the bi-weekly pay scale is referred to as "bi-monthly." The term "bi-monthly" is incorrect as it means every other month rather than every other week.
- A payroll is considered to have taken place in the month of the actual check date. For example, if you issue a paycheck dated November 2, for the pay period ending October 31, all associated costs/transactions are deemed "November payroll."

HMC Accounting Procedures

Writing Checks – Payroll

The top portion of your check is for payroll information only. This area should be filled out so that we can accurately record the gross pay and withholding taxes.

PERIOD ENDING……………………………………….....The last day of your payroll for this period

HOURS……………………………………………………..Number of hours worked for this period

RATE…………………………………………………………Rate of pay per hour or salary amount

REGULAR EARNINGS……………………………………..Total pay for period, without overtime

OVERTIME AND OTHER………………………….Amount earned for overtime and/or bonus, etc.

TOTAL EARNINGS…………………………………………..Total amount earned during pay period

FICA…………………………………………………….Amount of tax deducted for Social Security
(See Circular E, Employer's Tax Guide Booklet – 7.65% up to $106,800, then 1.45% for over $106,800 of earnings for 2011)

FEDERAL W/H…………………………………………………Amount of tax deducted for Federal
(See Circular E, Employer's Tax Guide Booklet) or download from: www.irs.gov ;
(1) Search Forms & Publications for 'Circular E'
(2) Then choose 'Publication 15 for 2011'

STATE W/H……………………………………………………….Amount of tax deducted for State
NC Withholding Tables can be downloaded from: www.dor.state.nc.us/forms
(1) Click on 'Withholding Tax'
(2) Then choose 'NC -30'

(The next two blank boxes are to be used for any other deductions from your employee, such as insurance, etc.)

Writing Checks – Payables

DATE……………………………………Date invoice is to be paid (i.e. date you are writing check)

DESCRIPTION…………………...…………………………………………..Identification of purchase
(If you are unsure of how the purchase should be categorized, attach a copy of the invoice or write your own description of the purchase.)

AMOUNT……………………………………………………………………………….Total to be paid

ACCOUNT NUMBER…………………......HMC Account Number from your Master Chart of Accts

Once this information is determined, type the check as outlined.* Fold the check with the payee name and address showing in the window of the envelope for mailing or distribution.

*Present the check for signature by the doctor with the invoice clipped to the check. If the check is for a refund, attach the patient's account card or computer report. All checks should be signed. Use no signature stamps.

Rules for Handling Money

Good business practice includes effective cash controls. Please carefully review the rules below to be certain they are followed in your business.

- Duties of handling cash should be divided between two or more people.
- A receipt must be written for every payment.
- Every charge and payment must be recorded on the pegboard or computer system daily.
- All pegboard sheet control totals should be completed daily or daily report totals must be verified if a computer system is used.
- Daily deposit of each day's payments is required. The deposit should be made immediately after balancing the daily totals. Use a night deposit box if necessary. If you are not able to deposit the money on the same day it is received, consider changing your "day" to run from an afternoon through the next morning and close out your "day" at noon.
- Deposit slips must be prepared in duplicate. Name and amount of each check should be listed along with the total amount of cash and coins. Double check that you have entered the total correctly on the deposit slip as banks are increasingly reluctant to correct errors of less than $5.
- The deposit should equal the payment column of the day sheet for pegboard users or on the daily audit or daily summary report for computer users. If a discrepancy is found, an explanation of the amount and cause of the error should be made on the sheet. Pegboard users must not erase or white out entries on day sheets or ledger cards. Draw a single line through the incorrect entry on the ledger card or day sheet and reprocess the transaction correctly on the next available blank line. Computer users should save incorrect daily summary sheets to provide an audit trail for the corrections made.
- A change fund should be maintained to make change for patients and a separate petty cash fund to pay for postage due and other incidental expenses.
- Do not cash checks for employees out of cash from a daily deposit! Allowing such a practice invites abuse.
- All day sheets or computer reports as well as deposit slips must be stored in chronological order with the most recent report on top.
- All controls such as spot-checking individual transactions, deposit slips, ledger cards or computer accounts should be utilized by the owners of the practice as well as the office manager or administrator.
- All checks written for accounts payable must be presented to a physician/owner for signature with the invoice attached to the check. This includes the requirement to attach a ledger card or computer account printout in the case of refund checks. Only a physician/owner of the firm should sign checks.
- Routing slips, pegboard Superbills or receipts should be pre-numbered and each slip accounted for at the end of each day.
- Only a physician/owner should be permitted to authorize a write-off or reduction of a patient's account balance.

Rules for Handling Money (con't.)

- All employees with access to cash should be bonded and informed of the coverage. Insurance companies usually prosecute dishonest employees.
- Employees should be required to take at least one vacation per year of five or more consecutive days.
- Accounting and financial records (including insurance claim forms) should not be taken home by employees.
- *Always* check references of job applicants. Personal character references are generally worthless. Request and check references of former employers. Listen carefully for what is not said if the reference is less than glowing. A good source for online background checks is www.NetDetective.com or www.castlebranch.com.
- Violation of any of the above rules is grounds for dismissal.

While our presence in your office may help to deter theft or embezzlement, we make no representation that we audit your books and we do not guarantee that theft or embezzlement can be detected. If you believe that any of the above rules are not being enforced in your office, please call us immediately.

Embezzlement Notice

We would like to remind you there is no system that can totally protect you from embezzlement. Although we strive to help you and your employees implement proper cash controls, we cannot guarantee prevention of theft of any description.

In addition, we do not accept the responsibility for the accuracy of your receipts or disbursements. The financial statements we prepare for you are based on the information we receive from your office and as such are unaudited. We will continue to keep you informed of well-designed systems that, when utilized properly, should deter theft. Even these systems, however, are implemented to "keep the honest people honest." We can only attempt to limit the opportunity to embezzle.

We ask your cooperation and participation in installing and maintaining systems of cash control. Please be alert for unusual occurrences that may indicate funds are being misappropriated and discuss the incidences with us immediately. You are your best auditor.

Rules for Depositing Federal Payroll Taxes

Federal payroll taxes are those withheld from all employees' gross wages. You must deposit Federal and Social Security taxes withheld, and the employer must match the Social Security and Medicare portions. [One times Federal withheld plus two times Social Security and Medicare withheld equals federal tax deposit (FTD).]

Your FTD must now be made by using the Electronic Federal Tax Payment System (EFTPS). We provide forms for you to easily organize your calls to make each deposit. If you would like to file Federal & State taxes through the Internet, see page 11, **"Filing Tax Payments On-Line."**

If you are depositing tax for :	The quarter is:
January, February or March	1st qtr
April, May or June	2nd qtr
July, August or September	3rd qtr
October, November or December	4th qtr

The date of your payroll determines the timing of deposits. You owe these taxes when you pay the wages, not when your payroll period ends. The rules below tell you how often to deposit taxes.

1. Semi-Weekly Rule (Applies to most of our clients)
   a. If your payroll is made on a Wednesday, Thursday or Friday, a tax deposit is due by the following Wednesday regardless of the amount due.
   b. If your payroll is made on a Saturday, Sunday, Monday or Tuesday, a tax deposit is due by Friday regardless of the amount due.

   Remember that a "banking day" usually changes at 1:00 PM to the next day…so a deposit due Friday or Wednesday made after 1:00 PM will be late!

2. Monthly Rule - If your total tax liability for July 1, 2008 to June 30, 2009 (the "look back period") was less than $50,000, you will be allowed to use this rule for 2011. You will be required to make a tax deposit for each month on or before the fifteenth of the following month.

3. $100,000 Rule - If your accumulated taxes reach $100,000 or more, you must make a deposit for the entire amount on the next banking day. This one-day deposit requirement overrides any other deposit rule.

4. HMC Rule - Make the FTD the same day you write payroll checks. Make a FTD for each payroll written! The penalty for late payment is severe.

EFTPS Reminder – Remember the payment settlement date is the *next banking day after you file*.

Filing Tax Payments On-Line

Clients who have Internet access may now pay federal and state taxes via the Internet. Federal taxes such as 940, 941, 1120, etc. may be paid through the EFTPS website. State withholding and sales tax payments may be paid through the NC Department of Revenue website. You may also file your state withholding payment coupon on-line versus mailing the paper copy.

Federal Tax Payments

1. If you are not currently using EFTPS, you must now do so. Call HMC to process the enrollment form. If you are a new EFTPS user, you will need to obtain a password and have your TIN (federal tax identification number/Social Security number), PIN (the number you normally use when paying federal tax deposits by phone) and the last eight digits of your Trace Number (found on your confirmation update letter from ETFPS). If you have misplaced this letter, you may call 800-555-4477 and request your Trace number or ask that a new letter be sent to you.

2. Call 800-982-3526 and it will prompt you for the above information:
   TIN: *(#########)*
   PIN: (####)
   Trace #: (########)
   Press: (1)
   Write down the temporary password they give you. (######)

3. Log-on to www.eftps.gov – enter your state (NC/SC) – then click 'ENTER'

4. Click on 'LOGIN'

5. On the login screen, tab through the fields to fill in the information requested. After you enter your temporary password, you will be able to change the password and choose your own. The new password must have six to eight characters that are alpha/numeric.

State Tax Filing Payments

1. Log-on to www.dor.state.nc.us

2. Glide (do not click) your mouse over the Electronic Services tab and down to Electronic Filing, then over to Business Taxes and click on 'Withholding'.

3. Click on the yellow box on the next screen where it asks 'Ready to file online?'

4. You will go through a series of screens that will need to be filled in for processing your withholding forms and paying your taxes.

Monthly Accounting Checklist

If you are on CBS ASP, you should communicate with your account representative when all deposits and checks are entered so the monthly data can be exported.

Please e-mail, mail or fax the following as soon as possible following the last business day of each month:

____ Monthly practice management reports or cash report (as requested by your consultant).

____ Line of credit & loan statements from lenders with breakdown of principal and interest.

____ Credit card statements (MasterCard, VISA, American Express, Discover)

____ Invoices for purchase of furniture, computer equipment or medical equipment

____ Copies of any new equipment leases

____ Out-of-pocket expenses (not paid or reimbursed from business checking acct)

Other (please explain____

____

____

Labor Law Workplace Posters

Federal law requires employers to display U.S. Department of Labor posters where employees can readily observe them. **You do not have to purchase these posters from any source.** Just follow the instructions below to obtain FREE posters either by Internet or postal mail.

For Those *WITH* Internet Access:

Go to the website www.dol.gov/osbp/sbrefa/poster/main.htm which will take you to the "Poster Page," then click on the following:

EQUAL EMPLOYMENT OPPORTUNITY

Then click on **EEO**. This poster will open in color, but will print in black and white also on a single 8 1/2 x 11-inch page. You may obtain free copies also at www.eeoc.gov/posterform.html.

For the next required poster, click on:

FEDERAL MINIMUM WAGE (Fair Labor Standards Act)
(Minimum wage)

Choose the size to print (small B&W-13k will print in black ink on a single 81/2 x 11-inch page). It is only available in PDF format, so you must have Adobe® Acrobat® Reader® version 5 or later. If you do not, you may go to www.eeoc.gov/posterform.html to order copies.

For Those *WITHOUT* Internet Access:

For the **Equal Employment Opportunity** poster, call (800)669-3362 or fax (513)489-8692 with your company name, address and number of posters needed.

For the **Federal Minimum Wage** poster and any other federal required posters, call the Office of Small Business Programs at (888)972-7332 or U.S. Department of Labor at (202)693-0200.

Retention of Medical Records / NCMB

The North Carolina Medical Board supports and adopts the following language of Section 7.05 of the American Medical Association's current Code of Medical Ethics regarding the retention of medical records by physicians.

7.05: Retention of Medical Records

Physicians have an obligation to retain patient records which may reasonably be of value to a patient. The following guidelines are offered to assist physicians in meeting their ethical and legal obligations:

1. Medical considerations are the primary basis for deciding how long to retain medical records. For example, operative notes and chemotherapy records should always be part of the patient's chart. In deciding whether to keep certain parts of the record, an appropriate criterion is whether a physician would want the information if he or she were seeing the patient for the first time.

2. If a particular record no longer needs to be kept for medical reasons, the physician should check state laws to see if there is a requirement that records be kept for a minimum length of time. Most states will not have such a provision. If they do, it will be part of the statutory code or state licensing board.

3. In all cases, medical records should be kept for at least as long as the length of time of the statute of limitations for medical malpractice claims. The statute of limitations may be three or more years, depending on the state law. State medical associations and insurance carriers are the best resources for this information.

4. Whatever the statute of limitations, a physician should measure time from the last professional contact with the patient.

5. If a patient is a minor, the statute of limitations for medical malpractice claims may not apply until the patient reaches the age of majority.

6. Immunization records always must be kept.

7. The records of any patient covered by Medicare or Medicaid must be kept at least five years.

8. In order to preserve confidentiality when discarding old records, all documents should be destroyed.

9. Before discarding old records, patients should be given an opportunity to claim the records or have them sent to another physician, if it is feasible to give them the opportunity.

PLEASE NOTE:

a. North Carolina has no statute relating specifically to the retention of medical records.
b. Several North Carolina statutes relate to time limitations for the filing of malpractice actions. Legal advice should be sought regarding such limitations.

(Adopted 5/98)

Employee Expense Reimbursement Voucher

MONTH:______________________ YEAR: ___________

LOCATION OF MEETING: __________________________ DATE:_____________

TO MY EMPLOYER:
During the month, I incurred expenses connected with my employment. I understand the rules and policy for reimbursement and certify that all such expenses are related to my employment. I am attaching substantiating documentation including receipts and other proof of my expenditures.

DESCRIPTION OF EXPENSE	AMOUNT
1. Meeting registration fees and commercial travel and lodging while away from home.	$__________
2. Dues and membership expenses.	$__________
3. Meals. Please break this expense down:	
▪ 50% deductible by employer	$__________
▪ 50% reimbursable but not deductible	$__________
4. Entertainment. Please break this expense down:	
▪ 50% deductible by employer	$__________
▪ 50% reimbursable but not deductible	$__________
5. Auto travel. Miles x 51¢ per mile	$__________
6. Telephone-Business portion and long-distance business calls made from personal telephone.	$__________
7. Advertising/Promotion expense incurred on behalf of employer.	$__________
8. Other employment related expenses: ________________________________ ________________________________ ________________________________	$__________
TOTAL REIMBURSEMENT	**$**__________

________________________________ ______________

SIGNATURE DATE

HMC – Contact Information

Salisbury		**Southern Pines**	
Main office number	704-636-7828	Main office number	910-692-4488
Fax number	704-636-7171	Fax number	910-692-1789
2nd Fax number	704-633-8433		

HMC web site	www.healthcaremgmt.com
General HMC e-mail	info@healthcaremgmt.com
The Dental CFO web site	**www.thedentalcfo.com**
General Dental CFO e-mail	**info@dentalcfo.com**

Consultants	**Direct Lines**	
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