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We live in an age of disruption and the traditional models of engaging with our customers, our clients, our patients are being turned on their head.

This is true also of the delivery of business, financial and lifestyle education to the Australian medical community.

At The Private Practice we are reimagining how we do things, how we better meet your demand for specialised information, education and resources via more accessible platforms – we’re also coming to grips with how to best communicate with you and your colleagues as the traditional channels simply don’t work the way they used to.

We have taken the advice of our alumni and are in the process of developing a network of ambassadors – alumni of our course program who are influential amongst their colleagues, particularly advanced Trainees and recent Fellows, and passionately believe in the power of business and financial education to change their lives and revolutionise the experience of healthcare delivery.

In collaboration with our ambassadors we have begun to host the Trainee Dinner Party – an evening of fine ‘wining and dining’ at destination restaurants at which we introduce the value of business education to specialist trainees.

These evenings have proven to be the most effective way of communicating the learning outcomes that can be achieved by attending our courses.

As a way of saying thanks, our ambassadors receive exclusive invitations to a series of learning and lifestyle events eg art gallery exhibitions, luxury car test-drives, high fashion runway shows, offshore conferences at exotic locations, master class work-shops and more.

To find out more about how you can participate in this program please send us an email at slavka.borovina@theprivatepractice.com.au

As always, this edition of The Private Practice Magazine is chock full of the latest thought leadership around business, financial and lifestyle management for the Australian medical community. We hope you enjoy the contributions of our education partners and wish you happy reading.

Steven Macarounas, Managing Editor
editor@theprivatepractice.com.au
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LOWER FOR LONGER: How the RBA stole my interest

Kyle Lidbury discusses how the world has flipped 180 degrees to increasing concerns on growth, rising unemployment and the prospect of a recession.

It’s hard to recall, but it was only last year that we were talking about the prospect of increased cash rates, the slow down or ending of quantitative easing programs, historically low unemployment and strong economic tailwinds in the U.S. economy with the potential to drive global growth forward. While there were risks and issues on the horizon, a la Brexit, the disastrous Italian economy, and some emerging tensions on trade, prospects for markets seemed fairly positive.

A few offending tweets later, a package of tariffs and tit for tat trade retaliations accompanied by a market sell-off and rebound, and the world has flipped 180 degrees to increasing concerns on growth, rising unemployment and the prospect of a recession sometime in the next 12-18 months. 10 out of 12 of the last business cycles ended in recession and, as we all know, they’re not particularly favourable investment climates for equity holders.
While the rest of the world may be familiar with zero rates on cash, with the RBA reducing its cash rate to 1% in July of this year and forecast to drop another 0.50% by next year, the prospect of earning no interest on term deposits and other cash products is now very much front of mind for Australian investors.

Of more concern is the fact that 0% nominal interest, assuming 2% inflation, is actually - 2% interest in real terms. For investors with cash holdings, their principal is actually going backwards in terms of purchasing power. Investors should be thinking that the opportunity cost of sitting in cash as opposed to being invested in other assets is now higher than it has ever been.

So – what are investors to do?
Unfortunately, we’ve been seeing for a number of years investors moving up the risk spectrum. When interest rates on cash moved lower, in order to maintain the level of return on their portfolios, investors moved funds into higher returning asset classes, such as fixed income, high-yield securities or equities. They have looked at other types of assets, such as core infrastructure or property assets to try and get exposure to ‘safe’, but higher yielding assets. In the stock market, we’ve seen movements of funds into bank hybrid securities or the bank head stock, in order to access very attractive, fully franked dividend income streams.

This ‘reach for yield’ has helped investors maintain income streams, however it may have also materially increased the risk in investors’ portfolios. As Warren Buffet said, “Only when the tide goes out do you discover who’s been swimming naked”. In other words, it’s only when markets correct will some investors become acutely aware of the actual risks that they’ve been carrying in their portfolios.

When we build investment portfolios at Perpetual, we are always aware of the potential investment risk – we’re obliged to be aware as we construct plans for both a target level of return, as well as a given level of risk which is intended to reach a particular goal. One of the key planks of our “Protect and Grow” philosophy is researching and finding diversifying assets and sources of income that are aimed at making portfolios more resilient, particularly in times of market stress.

As opposed to just dialling up the credit risk or equity risk in investment portfolios, we actively seek out alternative assets, in illiquid or inefficient markets which are intended to generate returns with a higher probability of meeting their objectives. The managers we choose to manage the assets in our pooled funds invest in lesser known markets where demand for capital, typically, outstrips supply; such as private credit, tradeable loans and alternative income. Also, we can appoint managers that we consider have the ability to make stronger “skill-based” returns compared to managers in broader, more liquid but ultimately more efficient markets.

Perpetual has a long track record of investing in alternative sources of income where the economy has slowed and cash rates have started going backwards in real terms. There’s no question that the outlook is currently for a period of ‘lower returns for longer’. If there are opportunities to take on alternative sources of risk that don’t concentrate investors’ exposure to equity or credit markets, this additional ability to eke out potential returns in alternative assets will become all the more valuable in terms of continuing to target the return objectives of investors in the coming years.
.M Contemporary opened its doors to the Australian public in August 2013 with the aim of fostering cross-cultural discussions through promoting and exhibiting emerging and established artists, both domestic and international.

Over the last six years Founder and Director Michelle Paterson and Director Louise Rush have built an extensive database of artists – both emerging and established, across multiple medias and art practices, while supporting a growing and expansive clientele.

The gallery consciously and consistently cultivates relations with emerging artists, providing them with access to .M Contemporary’s broad and loyal patrons, whilst simultaneously providing collectors with new and contemporary pieces to consider.

Due to its progressive and diverse nature, .M Contemporary is engaged with a far-reaching and astute audience.

Now, having opened a new space in Double Bay, the gallery aims to build upon its existing clientele, whilst also capturing new collectors where they reside.

1. **Build a relationship with a gallery that shares your aesthetic values and recognises your design sensibilities.** Cultivating relationships with galleries provides access to new information on artists and trends, and allows consistent communication.

2. **Avoid trends that go against your gut instinct.** There is a French phrase ‘en connaissance de cause,’ that, when translated means, ‘have knowledge of what you reject.’ Maintain knowledge of what trends you dismiss, yet don’t allow your tastes to be homogenised by the tastes of others.

3. **Thus, keep up to date with the art world.** Below are suggested subscriptions to make this step easier.

Michelle and Louise talk relationship building with a gallery, avoiding ‘trends’ and keeping up to date with the art world.
• **Artsy**: provides access to art from around the world in a simple and accessible manner

• **Sydney Contemporary**: provides consistent updates on upcoming cultural events to attend

• **Artnet**: to provide easy access to the international art market

• **Art Money**: keeps you posted on the stockrooms that provide artworks available with interest free loans from participating galleries

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**4. Establish a vision for your collection, whether within a specific medium or within an aesthetic framework to achieve cohesion and consistency.**

Similarly, if you have an established favourite artist, buying across multiple bodies of work over a period of years allows development to be viewed and recognised, gaining a richer collecting experience.

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**5. Less is more.** Stick to your vision, and avoid collecting pieces that stray from your aesthetic values. .M Contemporary consciously aims to aid new collectors by consistently promoting and marketing their artists and ongoing exhibitions. Attending the gallery’s press releases, organised events (artist talks, industry talks), and opening nights will provide new and established collectors opportunities to network and build and maintain contacts in the art world, whilst engaging the art world with their ever-growing network of established and emerging artists.

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**ISOBEL RAYSON**

Emerging Australian artist Isobel Rayson joined .M Contemporary in 2017. Her art practice explores mark making as a means to investigate and preserve ideas of presence, creating minimalistic relics of documented daily rituals. She stated, “I am often preoccupied with thoughts of passing time; where I stand in my immediate environment and how I might capture this temporality as a record of my presence in the world.”

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**LIONEL SMIT**

In November 2015, .M Contemporary held South African artist Lionel Smit’s first exhibition in Australia, widening his already extensive international following of collectors to include a wide scope of Australian clients. Represented solely by .M Contemporary, his art practice fuses variations of Malayan women across portraiture and sculpture, creating visual and tactile explorations of hybrid identities. His next show in October 2020 will continue his focus on detailing the constant change within South Africa’s psycho-social landscape.
Real estate agents are amongst the least trusted professionals, ranking only slightly ahead of advertising and car salesman according to a Roy Morgan survey conducted in 2017. Only 7% of the Australians contacted, judged them a trustworthy profession. And since 1987 this statistic has floated between 7-12%.

(click here for the article)

This distrust is largely due to the inherent conflict of interest that is almost enshrined in the industry. In no other industry would you seek the advice of a professional who is acting against your best interests. Property marketing groups have been able to reap the benefits of this non-regulation by blatantly establishing their own framework of “investment advice”, whilst portraying themselves as being ‘on your team’ when in fact they are representing the vendor.

The Financial Services Royal Commission has concluded, and Commissioner Hayne has handed down his final report, with the financial planning, mortgage broking and banking industries going through significant compliance and governance change.

Who’s giving you property advice? Julian Muldoon explains the value of having an independent buyers’ agent on your team.
But the property market is not under this scrutiny and many still operate without compliance around ‘advice’, so it’s very much ‘buyers beware’ when it comes to purchasing your next property.

First, let’s look at the facts. Anyone expecting a commission from purchasing a new property is a sales agent. And while they may genuinely be trying to help you, the reality is, the commission they make is largely driven by the price you pay. In new property, the ability to manipulate pricing by an additional $10–$20k to increase their commission is often the norm. And with a hefty pay cheque of $30-40k per deal, repeat business isn’t front of mind. The worst part is buyers don’t realise the impact of this poor decision for many years to come. And time is our most valuable ingredient when investing.

If you want someone who is working for you and who wants you to come back time and time again, look for those that deal in the established property space and who operate under a fee for service structure. They will advise you on high performing areas and locations, inspect properties, give you direction on pricing and help with negotiations. Additionally, they have access to the whole market. That’s a buyer’s agent. But as with anything, there are good ones and average ones. So how do you find a good one?

**WHAT TO LOOK FOR**

A **research team, independent of the buyer’s agent**. We all develop biases, but it happens less in the back office with the research team who’ll use numbers and data to drive their opinions then the front office, who are better at negotiation, winning relationships and finding opportunities. Each person within the property buying process has a defined skill set; market research, property searching, pricing and due diligence, even inspecting the property. I’ve been involved in hundreds of deals in the last year, but I haven’t inspected a property for a long time. I know that I’m not the right person for that. We have a head of pricing & research for that reason, she has both the education and practical valuation experience that make her the best person for the role. Much better suited to the task than I am. With that said, give me a data set of comparable sales and an agent to negotiate with and I’m in my element. A great buyer’s agent recognises their strengths and plays to them, giving you the best chance of finding the right property at the right price.

**Customised reporting process** – many buyer’s agents just use reports you can download online, without adding any real insights or value. The buying price ranges are broad and the data of general nature. Ask to see examples of their reports and find out who on the team prepares them and where they obtain their data. Some buyer’s agents may use only one source whereas a better team will compile theirs using multiple.

**They know what they can offer** – what they can deliver on and what’s outside of their expertise. For example, some buyer’s agents only deal in residential properties which may not suit your needs if you are looking for commercial. Always ask to see some case studies relevant to your situation and objectives.

**No vested interest** – a good buyer’s agent will present multiple strategies to suit your objectives as they don’t have a narrow view or a deep bias for a particular type of property or area. Too many people take advice from someone with a product to sell or rely on agent relationships to find stock and this means they don’t have full line of site across the market.

**Property Due diligence** – It’s not just about the quality of the dwelling, but how it relates to your situation and objectives. Whether it’s your next home or business premises, this is a huge investment decision and you need a non-emotional, independent set of eyes who has an intrinsic understanding of what matters most. Combined with an in-depth understanding of the local market you are searching in.
Access to markets you don’t know or understand. Whether moving interstate for business or family reasons or investing in a foreign market that you see opportunity in, an independent team of advisors can make this a less risky and more profitable exercise. We all know our own neighbourhood has ‘good’ streets and ‘bad’ streets, busy pockets and sought-after pockets. A buyer’s agent can give you this kind of valuable insight in unfamiliar markets, so you won’t be disappointed.

Optimising the margins – It might surprise you that it’s not always about price (although of course it counts!). A good buyer’s agent will also look for the opportunity to renovate and manufacture growth, so you can invest again sooner.

With commercial property the value is magnified again in negotiating potential incentives, settlement periods, suburb analysis, terms of purchase or leases. The small wins will add up to equal a big win. There isn’t just one reason to use an independent buyer’s agent, there are hundreds.

A fixed fee model – the buyer’s agent you retain should be working to a fixed fee, established based on the complexity of your strategy, not a percentage-based model. This type of model presents a direct conflict of interest, resulting in the agent making more money the higher your purchase price, and a good buyer’s agent knows an increase in value doesn’t always correlate with an increase in complexity.

What are you looking to achieve with property? Reach out to get an unbiased view on your next move.

Speak to an expert

Just like you wouldn’t recommend your clients treat their health and medical issues without proper advice, we at 1Group would always recommend you get the right advice and support from a trusted adviser or tenant representative before you accept a long-term lease agreement. If you would like more information in relation to this article, please contact us for an introduction to Julian Muldoon.

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Pathology Sub-leases: A year under the new Enforcement Regime

Josh Flett explains how Pathology sub-leases with outlier rent have been targeted by Medicare armed with enhanced enforcement powers and reinforced by rigorous new disclosure obligations, all set to hurt clinics bottom line.

Josh Flett is Director at Fletcher Clarendon.
THE ENFORCEMENT REGIME

In the 2017-2018 Federal Budget, the Government announced its commitment to strengthening compliance for Pathology Approved Collection Centre (ACC) rents under the prohibited practices provisions of the Health Insurance Act 1973 (Cth)(Act). As part of this initiative, the Department of Health (DOH) updated its "Guidance on Laws Relating to Pathology and Diagnostic Imaging – Prohibited Practices", also known as “The Red Book”. The Red Book states that the implementation of the new compliance arrangement would include:

1. the development of data analytics tools to identify irregularities in rent or referral rates or to identify other indicators of potential prohibited practices;
2. undertaking targeted compliance activities, including exercising powers to garner additional information relating to potential prohibited practices;
3. automating and streamlining existing approval process for ACC arrangements; and
4. extending ACC approvals from one to two years.

Since 1 July 2018, all new sub-lease arrangements with Pathology Providers (Pathology Sub-lease) are required to be submitted for assessment by the DOH through the Health Professional Online Service with supporting documents attached electronically. This includes submitting existing Pathology Sub-leases entered before 1 July 2018 such as renewals or where any changes or amendments to the existing Sub-lease have been negotiated. Breaches of the Act or the Health Insurance Regulations 1975 (Cth)(the Regulations) can result in:

1. substantial fines (civil penalties) – individuals $126,000 and Corporations $1.26 million; or
2. imprisonment (criminal penalties) – with a maximum of 5 years in prison.

Breaches can also be referred to the Medicare Participation Review Committee which can exclude individuals and companies from the Medicare system.

WHAT DOES THIS MEAN FOR YOU?

Many of our medical practitioner clients (i.e. general practitioners, medical specialist, dentists, podiatrists, physiotherapists, and osteopaths) either own or lease medical clinics to operate their medical business (Medical Centres). Many of these Medical Centres are large enough to accommodate an ACC, for pathology providers such as Melbourne Pathology, Dorevitch Pathology, Australian Clinical Labs among many others (Pathology Providers).

Pathology Providers seek out opportunities to co-locate either next to, within or near Medical Centres to attract new customers or service existing ones. As a result, many of our clients have entered into sub-lease arrangements with Pathology Providers. Patients visiting Medical Centres where there is Pathology Sub-lease obtain convenient access to pathology or imaging services, while the medical practitioner receives rent (or some other payment or benefit, e.g. license fee) from the Pathology Provider (Pathology Rent).

All Pathology Sub-leases must comply with the Act. The Act sets out several restrictions in relation to the relationship between Pathology Providers and Medical Centres. One of the main purposes of the Act is to prohibit Pathology Providers from paying inflated rent in return for patient referrals. However, sub-section 23DZZIF(5) of the Act states that the payment for property (i.e. sub-lease a room for an ACC) is a permitted benefit provided that the Pathology Rent is “not substantially different from the market value” of the rent for the relevant part of the Medical Centre being sub-leased by the Pathology Provider.

WHAT IS MARKET VALUE?

Market value may be viewed as whatever price Pathology Providers are willing to pay for the Pathology Sub-lease. Many Medical Centres do this by obtaining offers from multiple Pathology Providers and then simply taking the best offer. In practice, this could mean that any amount offered by a Pathology Provider, if commercially agreed upon, may be treated as constituting market
rent, provided the Pathology Rent is not based on any agreement, understanding, or arrangement to refer patients. However, the Regulations provide a prescribed method for determining market value. Sub-section 20CB(1) of the Regulations states that:

“...the market value [...] is the amount that a willing purchaser would have had to pay [...] to a vendor who was willing, but not anxious, to sell.”

In a leasing context, this means the rent that a willing tenant would (at the relevant time) have had to have paid a willing, but not anxious, landlord to secure the sub-lease over the premises.

The definition of market rent does not have a special meaning in the Regulations, but the Regulations do prescribe a method for determining market rent when negotiating commercial terms for Pathology Rents. The Regulations require that there be “no substantial difference from market rent”. Relevantly, sub-regulation 20CA(2) of the Regulations state that:

“The amount of the payment or consideration is substantially different from the market value, determined in accordance with regulation 20CB, if the difference between market value and the payment or consideration is more than 20% of the market value.”

In our experience, enforcement of the Act and Regulations in relation to Pathology Rent has not seemed to be a priority of DOH except in response to complaints that have been submitted. However, since the introduction of the new enforcement regime it has become even more important to exercise caution and due diligence when agreeing to the commercial terms of any Pathology Sub-lease.

WHAT TO DO NEXT
If your Pathology Sub-lease is not compliant because you are charging “outlier rent” you may have time to regularise the rent being paid. The DOH indicated that it will initially support Medical Centres to help resolve any issues, before determining whether any further action is required.

It is important that you obtain the right advice and take any corrective action as soon as possible. We can assist you to determine whether your Pathology Sub-lease is compliant by reviewing and, if necessary, negotiating amendments to your existing lease arrangements.

Speak to an expert
It is important that you obtain the right advice and take any corrective action as soon as possible. We can assist you to determine whether your Pathology Sub-lease is compliant by reviewing and, if necessary, negotiating amendments to your existing lease arrangements. If you would like more information in relation to this article, please contact us for an introduction to Josh Flett.

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**DPM** explain the difference between starting from scratch or buying into a practice.

This is often one of the first things you need to think of when starting a private practice journey and the standard response is that it depends. It depends on your personal and business circumstances as well as on the objectives you set for yourself.

Commencing a practice of your own and from scratch will allow you to control every detail of the practice, including the design and culture. However, the process of setting up a private practice can be quite daunting, bringing in some challenges along the way.

For practitioners not yet ready to start their own practice due to concerns about cash flow, business skills and administration; an alternative is to buy into an existing medical practice.

While several different entities can be familiar such as partnerships or companies, others involving hybrid trusts, self-managed superannuation funds may be less known to most people, but can be highly effective in minimising the exposure of personal assets (e.g. the family home) or business assets (e.g. trade marks) to the risks associated with operating a medical business.

There are a variety of business structures available. In some cases, a combination of legal entities (e.g. hybrid trusts, family trusts and companies) together with tailored contractual arrangements (e.g. service agreements, equity holders agreements and shareholders agreements) are needed to achieve the objectives set out by the new owner(s) of a medical practice.

One of the principal aims when designing any business structure is to minimise your exposure and the risks associated with operating a medical business.

Other important considerations include:

1. the cost of establishing and administering your business structure;
2. how business income will be distributed and taxed;
3. the application of tax concessions (e.g. tax deductions, CGT discounts, tax losses);
4. the capacity to borrow and attract capital investment;
5. the level of exposure to debts and liabilities;
6. the ability to transfer ownership; and
7. protection against insolvency.
Whatever is the most appropriate for your business, each business structure will have several advantages and disadvantages. You will need to carefully consider the various options in close consultation with a lawyer, accountant and other business advisors you may seem fit. Your trusted team will need to review the implications in terms of your medical business, but more importantly in terms of your personal circumstances, your family and that it is aligned to any existing financial plans and strategies you already have in place.

As part of this review process, it is not unusual to find it necessary to restructure how certain assets are held (e.g. the family home, investment properties or shares), or to review the arrangements that are in place in the event of a marriage breakdown (a prenuptial agreement for example), or a death or disability of yourself or a family member (e.g. income protection insurance or testamentary trust will).

When considering establishing a brand new medical practice it is important that you determine the right structure that will align with your goals from the beginning.

This is where the other option comes in, instead of setting up a brand new practice, there is also the option to buy into an existing one.

Buying into a practice could potentially be more financially suitable for you, some of the perks which include:
- a team of experienced staff who have already developed relationships with your patients;
- enormous time saving on planning;
- equipment and fitouts already in place (may just need a refresh); and
- minimal to no loss of cash flow due to an existing patient base.

Indeed, buying into a practice would allow starting off with a predictable cash flow from the onset with everything you need to run the practice already in place, including staff who know the business and how to do their job.

Depending on the type of practice, a general practitioner may inherit a full list of patients who return for regular treatment whereas it may not be as straightforward for a specialist, who may see patients for a one-off treatment; in that case there is no real ongoing patient book.

**THINGS TO CONSIDER**

Whether you decide to set up a new medical practice or purchase an existing practice, there are many things to consider, which include:

1. **First and foremost – your business plan**
   What are your goals and how will you track them?

2. **Cost vs Geography**
   Metropolitan areas will be more expensive to lease or buy into than country areas but will probably bring in more clients, depending on the surrounding competition. Use your networks in the industry and community to stay informed about who’s setting up where and what your client demographics are? Will they change over time?

3. **Location**
   Zoning, access and parking for staff and patients is crucial. Is the property located on a main road with foot traffic, near pharmacies and/or shopping centres? Is the property commercially built or converted residential premise – this can affect the terms of the commercial loan and your borrowing power.

4. **Tangible Asset Value**
   Is the existing equipment owned or leased? What is the realistic asset life before update is required? Older practices may have outdated computer systems and inefficient billing or scheduling software. What is the cost of purchasing or leasing equipment or fitouts and the relevant tax implications?

5. **Staffing**
   Existing employees may need to be taken through a change management process or be required to undertake training if you are bringing in new systems and procedures. New people will be untested. This may be a big adjustment for you especially if you are used to having a trusted team around you or if you formerly employed family for administration roles.

6. **Cash flow and liabilities**
   If you go with the option of buying into an existing practice, what are its liabilities? Are the current owners up-to-date with payments such as tax, superannuation and long-service leave.

   If you choose to start a new practice, have your accountant prepare a cash flow forecast to account for all your expenses and allowed for variances. Cash flow can be tight during the early stages of a new practice or even in particular months for an existing practice.

   Taxation, employment and compliance need to be accounted for as you make the transition from being a doctor to a doctor who is a small business owner. Will there be marketing costs associated with branding or rebranding? Will you need to spend on advertising to kick start the inflow of patients?

7. **Valuation & Business Agreement**
   Due diligence is paramount.
   A professional valuation via a review of financial statements is recommended to determine the income earning capacity of an existing practice as well as agreements and a specific exit strategy for the existing owner.
For business finance, lenders will take into consideration:
• total revenue;
• gross margin; and
• wages for revenue figures.

Lenders will also consider the asset quality position, financial performance of each of the above aspects and how they impact the business overall, as well as the industry environment and existing market competition.

8. Structure & Strategy
Consider legal and corporate structures, insurances, practice management, payroll, billing and your career flexibility when owning a practice as well as future expansion and/or exit strategy.

Bringing other practitioners into your practice can help with the expenses as contracting doctors generally pay about 30-40% of their income to the practice owner to cover administration, staffing and other costs.

Adequate personal insurances such as income protection, accident/disability and life insurance are a must when YOU are THE business asset. Help from a team of trusted advisers can be invaluable should something happen that make you not being able to work in your own occupation anymore, for forever or even just temporarily.

So what are your financing options and how much can you borrow?
A deep understanding of your industry is important when applying for finance and this is where a specialist in the medical world can make the difference. In general context, you would be able to:
• borrow up to 100% of the property value (freehold) with 20-30 year loan terms
• borrow up to 100% of the business value (leasehold) including fitout and equipment with approximately 10-15 year loan terms
• principal and interest + interest only repayments available with some lenders tailoring loan repayments in line with your projected cash flow
• interest rate discounts vary from lender to lender and the strength of your application
• you may be asked to provide a business plan including business forecasting
• your previous experience and qualifications will be key to obtaining approval. Choosing the right lender and showing your strength as a borrower is crucial.

Security for a practice loan can be either, some or all of the following depending on the loan structure and purchase price sought:
• Mortgage over freehold or leasehold with a specific charge over business assets
• Mortgage over your home
• Registered fixed or floating charge over the practice
• Directors’ guarantee

Lastly, you need to account for the processing time. Arranging finance for a doctor’s practice business loan usually takes between 6 to 10 weeks depending on the complexity of the purchase and your individual financial circumstances. It is essential for you to liaise with your accountant and a lending consultant early to ensure settlement terms can be met. And your practice dream becomes a reality!

Want to know more?
If you have any questions about this article or would like to talk to someone about getting your practice ready for the change, please contact us for an introduction to Eyal Judah or Josh Flett.

DISCLAIMER: The information contained in this editorial is general and is not intended to serve as advice. DPM Financial Services Group as well as Fletcher Clarendon recommend you obtain advice concerning specific matters before making a decision. Formal legal advice should be sought in particular transactions or on matters of interest arising from this communication.
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Harness Technology to Improve Profitability

Ben Le Gros explains how the right processes and procedures can positively impact the efficiency and profitability of your practice.

The efficiency of your practice impacts profitability. It’s no surprise that practices with too much wasted time and too many missed appointments are not as profitable as their productive peers.

Technology solutions such as your practice management system, provide enormous time and labour savings. By leveraging contemporary tools your practice can reduce the amount of human intervention required with things like, appointments, reminders and even call backs. We have put together our top five tips to help you harness technology to improve practice productivity and cut costs.

1. ONLINE BOOKINGS
Many patients would like the ability to book their own appointments after hours. So, it’s no surprise that having an online booking system improves patient engagement because patients feel empowered to make bookings when it’s convenient for them.

The benefits to the practice are enormous. Administration staff can limit their involvement in bookings, appointment changes and cancellations which represents significant time savings for a busy practice.

When using online booking systems, new patients complete their details on-line which reduces the admin burden for office staff. People that book on-line are less likely to miss appointments and we know the costly impact of ‘no shows’.

Ben Le Gros, National Sales Manager at Medtech Global.
2. SMS REMINDERS
Missed appointments and patient “no shows” can really impact a doctor’s productivity and practice profitability.

SMS reminders deliver the ideal solution, they require minimal or no human intervention and will drastically improve patient “no shows” by sending automated messages to patients reminding them of their upcoming appointment.

3. VIDEO CONSULTATIONS
Provide an enormous growth opportunity for innovative practices that are ready to harness technology. Those practices that have embraced Telehealth report an ability to see more patients in less time which impacts both profitability and productivity.

The good news is that Medicare rebates are available for video consultations in remote areas for many practices and clinics.

Telehealth solutions provide practices with an effortless way to deliver patient centric services that enhance access to quality health care, particularly those living outside major cities.

Video consultations are also a clever way to fill timeslots created by last minute cancellations, this can be done by maintaining a waiting list for on-demand telehealth consultations.

4. REMOTE HEALTH MONITORING
Also referred to as remote patient monitoring is the process of using technology to monitor patients at home. These systems allow patients to stay at home while they are monitored, and if/when their condition changes the doctor is alerted. This means patients no longer have to attend the clinic regularly for check-ups, it frees up the physicians’ time and potentially allows for a nurse to monitor the patient.

When incorporated in the management of chronic diseases, remote health monitoring has the potential to significantly improve quality of life for patients. It’s no surprise that this technology is becoming increasingly popular.

5. SELF-SERVICE KIOSKS
Lastly, by providing patients with access to self-service kiosks they can check-in when they arrive at the practice and update their contact details if required. This activity can occur without intervention from practice staff, which allows them more time to focus on activities that are more valuable to the practice.

There is an on-going need for practices to do more with less, while improving patient service levels. Harnessing technology effectively to drive efficiency in your practice will produce impressive savings.

Want to know more?
If you would like to explore the technologies that are available to drive efficiency, please contact us for an introduction to Ben Le Gros.
Mike Watson is Director of Design Doctors Australia.
Design to Build or Design and Build?

Mike Watson explains there are two ways you can proceed with your fitout. Separate the project into two units, Design and Build and appoint different service providers for each function or one specialist turnkey company to carry out the whole project. He compares the two options.

1. **TOTAL COST**
   
   There will be little or no difference. An architect or designer will charge a higher fee than a turnkey company as all the designer’s income is from the fee while the turnkey company usually makes a small margin on the build and is not totally reliant on the fee. Whilst you might have explained your project budget to the designer, they are not responsible for the costs so you might have a surprise when you go out to tender the building works. Make clear your budget to the turnkey company and they will design to that cost.

2. **TIME**
   
   With a turnkey company some tasks can be performed concurrently resulting in a significant time saving (at least 25%). By separating, the builder will not even quote until all the documentation is complete and handed over. Your own time saving is considerable using the turnkey method, You have one point of contact and responsibility through the project.

3. **VARIATIONS**
   
   Most builders work on small margins. They can increase this margin by charging more per unit for any extra work outside the original scope (variations). By separating the design from the build you will find yourself in the middle of disputes over chargeable variations between the builder and the designer as the builder looks for gaps in the documentation where he can justify variations. Appointing a turnkey provider means they are responsible for achieving the project budget. Any errors or omissions are an internal problem between departments and will not be your problem. Your initial budget is safe.

4. **SCOPE OF WORKS**
   
   There are some necessary tasks that might not be included in either the builder or the designer’s costs such as Council or Certifier fees, Structural Engineers Fees, Occupation Certificate, Loose Furniture etc. You will have to spend your time looking after these and navigating the approval pathway. A turnkey provider will take care of all these as a matter of course saving you time and money.

5. **SUMMARY**
   
   Your time is your most valuable asset. The less time you have to spend on the project sorting out problems the better. The Design and Build process using one turnkey supplier is proven to save time and money.

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Cyber security and the healthcare industry

Rob Khamas, CEO
Rend Tech Associates.
Rob Khamas explains the concerns individuals and organisations face regarding cyber security attacks and how to protect yourself.

According to the Office of the Australian Information Commissioner, healthcare is consistently the industry most affected by cyberattacks. Given the increasing reliance on connected technologies, this is a worrying trend.

Healthcare organisations are prime targets because they hold a lot of confidential data. From financial / insurance details to sensitive medical data, the information held in healthcare systems is exactly what cyber criminals look for.

Despite this, most organisations don’t consider cyber security a priority. This has led to widespread under-investment in the technology and training required to identify and prevent attacks. Given the size and complexity of a lot of healthcare organisations, this is a particular issue, as there are many entry points for attackers to get access to systems and data.

In addition to the standard concerns all individuals and organisations face – like malware, ransomware, and phishing – the are a few issues that are especially prevalent in the healthcare industry. These include:

- **Cloud hacking:** With more organisations moving their data to the cloud, attackers are now focusing on potential weaknesses in encryption as a way to access patient data.

- **Security of clinical data:** While increased integration of healthcare systems makes patient data easier to share, it also makes it more susceptible to hacking. Attackers realise this and have started targeting medical centres, using their weaker security as an entry point to broader industry networks.

- **Inconsistent practices:** With many healthcare organisations employing large numbers of staff and operating across multiple locations, it can be difficult to implement effective cyber security controls and processes – this inconsistency can create opportunities for attackers.

Although cyber security can be complex and the technology is constantly changing, there are some basic protections all healthcare organisations should implement. From a technical perspective, using firewalls and antivirus software (and updating it regularly!) is a great start. Understanding your organisational risks from a technology aspect is a good way to start thinking about the cyber security impact on your business.

This should be supported by an open discussion with all team members about the role they play in keeping systems and data secure; and why they need to be vigilant when opening emails, using personal devices, and sharing passwords.

Once the basics are in place, more complicated solutions can be considered, like identity management and network monitoring. Your existing IT provider should be able to provide these services.

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**Want to know more?**

For more information please contact us for an introduction to Rob Khamas.

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**DISCLAIMER:** This article reflects the authors personal opinion only. It should not be taken as personal technical advice. Before embarking on any cyber security activities, you should fully educate yourself as to the risks and costs involved and seek appropriate advice.
Caring for your #1 Asset – Your Reputation

Your online reputation is of critical value, and far too often overlooked by healthcare professionals, says Jason Borody of Vividus. Luckily, there are a number of things that can be done to boost your reputation with minimal hassle and maximum benefit to your practice – and a good online reputation can be an invaluable asset to your online marketing.

REPUTATION MARKETING

Ironically, the idea of reputation marketing itself has a bad reputation. We tend to associate it with damage control, negative press, and even covering up serious wrongdoing. However, what many people fail to realise is that reputation marketing is so much more than just an attempt to reconcile issues: it’s an invaluable tool which can be used to project a business’s positive reputation through subtle actions which don’t scream ‘promotion!’.

PEOPLE ARE LOOKING

Our world is becomingly increasingly digital, and potential patients no longer have to physically ask around to find out whether...
or not you have a good reputation. All they have to do is type your name into Google to be met by a wealth of different reviews: Google and Yelp both provide marks out of five and commentary, social media sites provide a sample of standard customer interactions, and websites such as RateMDs can even rank individual doctors based on their best traits.

As a physician, you are undoubtedly aware of the importance of creating and maintaining a good reputation. However, a good reputation is becoming increasingly difficult to keep thanks to the rise of online communication platforms. With the ease of access to testimonials and reviews skyrocketing, it is now more important than ever to ensure that the information your clientele is exposed to is the information that best conveys the views and ideals of you and your practice. There are a number of different ways to do this online, many of which are relatively simple actions which can make all the difference to your online reputation.

1. CLAIM YOUR LISTINGS
As many as 86% of potential clients use Google to find a business, but only 56% of local businesses have claimed their Google Business listing (let alone their listings on other popular business listing websites such as Hotfrog, True Local, and Foursquare). Still more fail to update their listings following a change of address, phone number, or doctor’s names, leaving behind a steaming pile of confusion for anyone hoping to find the business they’re looking for. This provides an excellent opportunity for anyone who has claimed their listings to swoop in and provide a reliable, hassle-free alternative to the confused patient or referrer.

Claiming your listings also gives you another promotional outlet: in most cases, claiming a listing allows you to edit its content to best provide a description of your business and its services. This creates an additional reliable, reputable source which also serves to boost your advertising by providing an accessible reference to your website and services on a frequently visited website.

2. YOUR BUSINESS VOICE
Is your business more conservative or personable? Are you more focussed on providing once-off services or fostering repeat patrons? Deciding on the most important traits of your business and choosing the right language to convey them is a crucial step in developing a reliable reputation in your online presence. Around 80% of people want to hear from brands that are honest, friendly, and helpful, but many are also turned away by businesses they feel to be inconsistent with their online persona. Carrying out a conversation with a person who routinely switches personalities can be difficult at best and a negative statement about reliability at worst.

Your business’s tone of voice (rather than voice itself) can be changed according to the platform you use to reach out. Think of the way you use your own voice: you likely address your patients in a very different way than you address your close friends, and you probably address your family in a completely different tone yet again. However, your voice is still your own despite the circumstance, and your personality is still the same regardless of the context.

Your business’s voice should be no different: its personality should still shine through, regardless of whether you’re using a more professional tone for referrer targeted articles, a slightly more relaxed tone for patient educational emails, or prompting a casual conversation through social media. This helps to establish a reliable reputation by reassuring your client base that the same practice is talking to them, regardless of the way you reach out (even if it isn’t the same person).

3. WORK YOUR SOCIALS
A social media presence not only provides an opportunity to engage with patients, it provides a sample of your direct customer service and what to expect from your business. If questions, comments, and complaints addressed to your business go unnoticed and unanswered on your socials, the natural assumption for a potential patient is to assume that their concerns will likely not be addressed either. If the response they receive is dismissive, they will deduce that their concerns will not be taken seriously. This is the perfect opportunity to reassure the patient that you care, by providing easily
accessible records of great, meaningful interactions which can instantly boost their opinion of you and your business.

4. RESPOND TO REVIEWS
Perhaps the most critical step in creating a good reputation is having a high response rate. Research has now shown that although the vast majority of people who reach out to a brand expect a response (53% expect it within a week) only 1 in 10 messages actually receives one, and only 37% of consumers have ever received a response to their review. This provides a stand-out opportunity for any practice willing to take the time to address the potential concerns of their patients. Addressing feedback (both positive and negative) helps your business establish reliability and show the value it places in their patients.

IT’S WORTH TAKING ACTION
Having to deal with negative feedback is inevitable, and it can feel difficult to work through due to the strain value inevitably placed on your reputation. However, research indicates that if a business takes the time to address and correct an issue quickly, up to 95% of consumers are willing to give the business a second chance.
‘SEED THE CHANGE’ by Sally McKay
19 October - 9 November, Woollahra gallery
An exploration in visual environmental activism.
Fringe Benefits Tax & your practice

Angela and Kristy explain how to effectively report on Fringe Benefits Tax and areas to be aware of.

Just when you thought there were more than enough reporting obligations for medical practices already, Fringe Benefits Tax (FBT) is another area that you need to be aware of to be compliant.

FBT is essentially a separate tax that is payable by employers for certain types of non-wage type benefits provided to employees in respect of their employment.

The purpose of FBT is for the Australian Tax Office (ATO) to capture any employee remuneration that is not being included in the employee’s individual tax return as assessable income (i.e. in wages or allowances). This is to ensure that the ATO will not miss out on any “income” that has not been taxed. Essentially, if an employee has not been taxed on this “income”, then the employer will be liable for it.

Similar to a tax return, if an employer is liable for FBT, they will need to lodge a separate FBT return and pay the appropriate tax amount upon lodgement.

But to complicate matters even more, the FBT year runs from 1 April to 31 March each year.
SO WHAT EXACTLY ARE FRINGE BENEFITS?

Fringe benefits can either be provided by means of cash or non-cash benefits to employees. They do not include salary, wages or superannuation that the employees are already being taxed on.

The term “employees” may be used loosely in the FBT world as it can also include the employees’ associates (i.e. spouse or family member), or yourself as the business owner.

The most common types of fringe benefits include:
• Car benefit
• Car parking
• Meal entertainment
• Recreational entertainment

Below we explore each of these types of fringe benefits in a little more detail.

CAR BENEFITS

In the medical industry, it is very common for a business to provide an employee or business owner with the use of a car to visit patients, to travel between hospitals and/or clinics and so on.

A car fringe benefit arises when:
1. A car is held (owned, leased or have control over) by an employer;
2. The car is provided to an employee in respect of employment; and
3. The car is deemed to be available for private use by the employee.

Even if the employee salary sacrifices a car via a novated lease, this is still considered a car benefit as the employer is the legal owner of the lease until it is paid out.

But the car just sits in my garage when I’m not working...

It does not matter whether the employee actually uses the car for private purposes, but as long as it is deemed available for private use, the car can be caught under FBT.

That is, if the employee has the option to use the car outside work hours (this can simply mean by just holding the car keys), then the car is deemed to be available for private use regardless of whether they actually drive the car during non-work hours or not.

Logbook, logbook, logbook...

One method for calculating the taxable value of a car benefit is the Operating Cost Method. Under this method, the higher the business use percentage of the car, the lower the taxable value of the car benefit. Therefore it is crucial that employees maintain a logbook to ensure that you are able to elect the method which yields the most desirable outcome for your business.

CAR PARKING BENEFITS

Another common type of fringe benefits provided by employers is dedicating car park spots for their employees at hospitals or clinics.

A car parking benefit arises when all of the following conditions are met:
1. The car park is at or near the business premise;
2. It is used for travel between home and the workplace;
3. There is a public car park located within one kilometre of the business premise;
4. The parking station charges all day parking exceeding $8.83 (2019 FBT year); and
5. The car is parked for more than 4 hours between 7am and 7pm.

The good news is that if you do provide car parking benefits, it will be exempt if all of the following conditions are met:
1. The car park provided is NOT at a public car park;
2. You are NOT part of a government body or listed company; and
3. Your turnover is less than $10 million.

There are also other instances where a car park may not be considered as car parking benefit if the employer did not incur any additional cost to obtain that car park. A common example is that when you rent a room or office at a hospital, it automatically comes with a car park without paying anything extra (i.e. no option to reduce rent should you opt out of having the car park).
MEAL ENTERTAINMENT
We all know that networking is an integral part of sustaining your business and creating business opportunities. We understand that a number of business relationships are developed through employees and/or business owners entertaining their business contacts. However this also comes at a cost, and not just for footing the bill at the end of the meal.

When an employer provides food and drinks to their employees, it may be considered as providing meal entertainment. Sometimes it can be tricky to determine whether a meal is considered as meal entertainment for FBT purposes.

Basically, the more elaborate the meal, the more likely that it is meal entertainment. If meal expenses are incurred by employees who are travelling for work (i.e. overnight business trip), or if the meal is more sustenance in nature (i.e. refreshments, sandwich or light meal), then it is not classified as meal entertainment.

Common examples of meal entertainment may include the following:
• Breakfast, lunch or dinner at a restaurant for a networking meeting
• A business lunch at a café or restaurant
• Food and drink consumed at a social function
• Friday night drinks with staff members
• Christmas party for staff and/or clients

There are no set rules to determine whether a meal provided to an employee is meal entertainment or not. However the following factors can assist you with making the determination:
• WHY is the food or drink being provided?
  • Is it provided to ensure the employee is not dehydrated or hungry?
  • Is it provided for social purposes and enjoyment?
• WHAT type of food or drink is being provided?
  • Is it morning tea or snack?
  • Is it a three course meal?
• WHEN is the food or drink being provided?
  • Is it during work hours?
  • Is it on a Friday night after work?
• WHERE is the food or drink being provided?
  • Is it at a local café close by?
  • Is it at a nice restaurant that you chose over other options available?

But I am at a business meeting, therefore this is not really entertainment
Even if you are meeting a client to sign a business contract and you only discussed business matters during the meeting, if it occurred in a nice restaurant with wine being consumed, then it is still considered as meal entertainment.

On the contrary, if you held the same meeting at a local café over a coffee and a light meal, then this will not be meal entertainment.

RECREATIONAL ENTERTAINMENT
Apart from wining and dining your clients or business contacts, you may be holding the business meeting on the golf course or at the race tracks. Again, these costs may be considered as recreational entertainment provided to your employees.

These types of entertainment are treated differently to meal entertainment. That is, you may elect to use one type of method to calculate the taxable value of meal entertainment, and a different method to calculate recreational entertainment.

This is the case even if both types of entertainment occurred over one single event.
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ACCOUNTING

For example, you attend a golf tournament representing your business at a charity event. After the round of golf, there is a three course meal with alcohol at the clubhouse.

In this instance, the cost for the round of golf and the cost for the food and drinks can be valued under different methods.

FBT EXEMPTIONS

There is a whole array of exemptions and concessions available to employers for fringe benefits provided to employees.

The most popular one is the Minor Benefits Exemption. This exemption is available if the benefit provided is less than $300 and is infrequent.

For example, if you have a Christmas party and the cost per head is less than $300, then you may be able to use this exemption for your employees as this only happens once a year, and no FBT is payable.

However, if you go out for a business meeting at a restaurant on a weekly or monthly basis, then this exemption cannot be applied, even if the cost of each meal is under $300.

I THINK I PROVIDE FRINGE BENEFITS, WHAT SHOULD I DO?

As you can see FBT is a very tricky and complex area. You may be providing fringe benefits without even knowing it!

Even if you have identified the fringe benefits provided to your employees, there are many different methods in calculating the taxable values of these fringe benefits which may yield very different outcomes.

On top of all this, FBT also has implications on the GST and income tax deductions that can be claimed by your business.

But rest assured our team at Pilot Partners are experienced in this field and will be able to assist you navigating through this often rugged terrain.

Want to know more?

If you believe you may be affected by these FBT rules, please contact us for an introduction to Angela Stavropoulos or Kristy Baxter.

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Business success = 
Your goals identified and the implementation of a plan to get there
One of the key aspects of business success is goal setting through the development of marketing plans and budgets.

When working together with our clients to develop their marketing strategy, calculating budgets is probably the part that our clients find the most difficult. This is an estimated cost that will be required to implement the strategy and knowing this helps us to make achievable, cost effective recommendations.

There is no definitive answer to what a budget should be as it is based on your individual goals, how much marketing will be required to achieve those goals and the level of competition in your field.

The key is knowing what outcome you are seeking from your marketing, based upon acquisition or reconnection (i.e. I want 10 new patients for this type of service per week) and then converting what that means into a dollar amount, thus allowing you to properly set a realistic budget. So, if your goal amount is an increase of $10,000 in a particular type of new business per week, then you need to determine what you are prepared to invest to achieve this. You still want to maintain good profitability, but you will need to invest.

Importantly, you also want to measure the success of the marketing activity and what it has delivered to you so you can be sure you are getting a good ROI (Return On Investment) and then optimise the tactics that delivered the most bang for your marketing buck.

Don’t be like Alice...

Alice: Would you tell me, please, which way I ought to go from here?
The Cheshire Cat: That depends a good deal on where you want to get to.
Alice: I don’t much care where.
The Cheshire Cat: Then it doesn’t much matter which way you go.
Alice: ...So long as I get somewhere.
The Cheshire Cat: Oh, you’re sure to do that, if only you walk long enough.

If you’re wanting to increase and improve your business through marketing, and you’re doing this without a marketing strategy that has identified your goals and has a formulated plan in place with a supporting marketing budget, AND you’re not measuring outcomes... chances are that like Alice, you are sure to get somewhere... but is it where you want to be? 😊
EVENTS

3-4 August 2019, Sydney
Practice Growth Strategies
EVENTS

16-18 August 2019, Adelaide
Transition to Practice ‘Comprehensive’
How to position your practice for sale and maximise the value!

Sally Stuart talks about the characteristics of a sale-able practice.

Practice owners who are looking to sell often adopt a wait-and-see approach, which can be risky. Making a sale is not as easy as it appears, of course, but practice owners who avoid waiting too long to sell their practice may enjoy a more successful outcome.

Waiting too long to sell, or not planning ahead, can cause practice owners to miss a valuable window of opportunity. Because it takes an average of 6 to 12 months to sell a practice, long-term planning is necessary for any successful sale.
NEVER WAIT UNTIL YOU HAVE TO SELL
One of the keys to a successful practice sale is selling when you don’t absolutely have to. If a buyer sees that you’ve been planning this move for quite some time and that it’s not a desperate “I’ve had enough” step, you can dictate a much higher price. Proper planning means careful financial records, a detailed practice history and an extensive sales portfolio.

Many practice owners make the mistake of waiting until their practice is on the decline to sell, which is exactly the opposite of what you should do. The best time to sell is when your practice is at its peak, at the top of its game.

THE RIGHT CONDITIONS FOR A SALE
In an ideal situation, a clinic sale would be completed when two conditions are met: when demand in the industry is strong, and buyers with deep pockets are available. It’s a smart idea before selling to take a look at market conditions for your industry in order to achieve the best return.

Working with practice brokers can be beneficial in this case, as they often closely monitor market conditions and can advise you on when conditions are favourable for your industry.

WHAT CAN HARM YOUR PRACTICE’S VALUE WHEN YOU’RE TRYING TO SELL?
Many factors can affect the asking price of a practice, including industry competition, current market conditions and the overall economic climate. Events such as a recession or a practice downturn can affect your practice’s value and lower the asking price. This is why it’s beneficial to sell when the economy is healthy.

Of course, even in the healthiest economic climate, having too high an asking price can lead to a dead-end street. Deciding on the right price for selling your practice is important, and it’s one that practice brokers can help you determine. They take a careful look at your overall profits, the state of your industry, similar practices and the marketplace when choosing an asking price.

Pricing is crucial to selling your practice. The right price draws in buyers, but the wrong price turns them away. Many owners make the mistake of overpricing their practice. An unjustified value can make buyers walk away – for good. And if buyers walk away, your practice is sitting on the market for longer, quite possibly losing even more value. Take the time to get the price right, and you’ll find it much easier to sell your practice.

YOU CAN’T SELL ON POTENTIAL
The first thing to understand is that a buyer is not interested in what your practice might be able to do. They’re interested in what the practice is doing. The truth is, every practice has potential. Converting that potential to dollars is going to require the new owner to invest time, money and skills, and the potential may not even be realised. Valuing based on potential means the new owner is paying you in advance for the improvements they make.

If you claim your practice is full of potential, a buyer will also question why you haven’t exploited it yourself. Your broker can help you talk about potential in ways that make your practice attractive to buyers, but you can’t rely on potential to raise the value of your practice.

MAINTAINABLE EARNINGS
Many practice owners get caught up in the value of their assets and weigh them heavily in their valuation. Assets can help increase the value of your company, but buyers are interested in how those assets translate to cash flow. It’s no use being asset-rich if you don’t have enough money coming in to maintain those assets and any loans associated with them.

Buyers also look at whether earnings can be maintained. If your profits have held steady or risen in the past few years, this will be reflected in offer prices. In the same way, if your profits have been decreasing, you will have to lower your valuation.

Keep in mind, your buyer will also look at industry trends when deciding on an offer. Changing demographics, government policies or environmental concerns can affect the value of your practice. Technology can have a particularly large effect on value. If the potential buyer is aware of technological advances in the industry, they may think your earnings aren’t maintainable.

OUTSIDE VALUATION
It’s very rare for owners to value their practices accurately. In fact, some experts believe that as few as 10 percent of practice owners have a realistic view of the value of their practice.

Owners have usually spent countless hours, effort, sleepless nights and plenty of stress on building their practices. As a practice owner, you want to include all that sweat equity in your appraisal, but potential
buyers aren’t interested in that. They’re only interested in whether they’ll continue to make a profit from their purchase.

The other issue you have as an owner is that you know what you need to make from the practice. Owners often want to retire, travel or invest in a new enterprise so they reverse-engineer an appraisal, naming a price that matches their wants rather than on fair market value.

Because objectivity is difficult in the appraisal process, going to a broker is the best way for you to get an accurate idea of your practice valuation. Brokers understand the different ways to value practices, the standard in your industry and current market trends, which all contribute to a fair price.

In the end, your practice is worth what someone is willing to pay for it. If you have a realistic view of the value of your practice, you’ll be able to find the right buyer. Here’s some ideas on how to add value to your practice by making it less dependent upon you as the clinic owner:

1. **Ask Questions:**
   What will your business look like when it’s ready to be sold? Will all your patient offerings remain the same, or will you pare them down to the most profitable products and services? How essential are you to these products and services? Asking these questions allows you to get clear on how to make your practice as attractive as possible.

2. **Decide on the Critical Functions:**
   What are the things that must happen to ensure your clinic continues to make money? These are the critical functions and should not be limited to providing your service. Are you critical to any business management processes and how can you ensure someone else can handle the task?

3. **Document the Processes:**
   A large part of the sale of your clinic relies on being able to transfer knowledge to new owners. If this knowledge is trapped in the current owner’s head, it means a long handover period, or the information is lost when you depart. Well-documented processes are essential to making yourself redundant when selling your business. A business with everything written down looks a lot less risky to prospective buyers.

4. **Build a Strong Team:**
   Once you have the procedures documented, it’s time to hire a strong team to handle critical functions. Having an established team reassures a prospective buyer that the business will continue to run as the ownership transitions. Ensure your team understands every aspect of the business. If you’re the one that normally undertakes anything other than clinic duties, make sure you have a new staff member who can take over these jobs. Spend time training the new staff and creating your dream business.

5. **Take a Step Back and Let Your Team Work:**
   It’s time to get out of your business’ way. Take a break. Fly overseas, renovate your bathroom or visit your in-laws. Don’t check your emails. The purpose of this step is to ensure that your business can run without you. You’ve created it, helped it grow stronger and now it’s independent and you can leave it to run on its own. This is an essential step. When you go back to the clinic after a break, your team will be able to point to holes in the process and places where you are still needed. Or, hopefully, you’ll come back to everything running smoothly and a continued profit. This will tell you what you need to fix for prospective buyers or if you’re ready to get your practice on the market.

   Owner dependence is one of the most important factors in the valuation of a business. Buyers know that in an owner-dependent business, much of the value can be destroyed as soon as the owner departs. Taking steps to make your business independent will help you get the best price when you’re ready to sell your practice.
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So...when you have decided it is the right time to sell...and the practice is ready to sell, it important to consider how to position the clinic for sale. All buyers will be looking for the following in their search for a good business:

**Quality Information** – the more transparent the business information, the more trustworthy it is. Buyers won't make decisions if the quality of information is poor.

**Realistic Price Expectations** – Most sellers have unrealistic expectations of their business’s value and believe it’s worth more than the market is prepared to pay.

**Well Presented Sales Collateral** – A complete business information memorandum with comprehensive details about the business, the industry, its resources and its future opportunity for growth or expansion. This document needs to make an impression so you can ‘sell the sizzle’.

**Owners Who are Prepared to Stay Involved After the Sale** – Expect buyers to want to retain owners for a period of time to ensure a smooth transition and to download all of their IP to the new owner. Depending on how your deal is structured, your final payment from the purchaser may be determined or incentivised by future business performance which you’ll want to ensure is optimised.

**DO YOUR OWN DUE DILIGENCE**

Most business owners review their financial performance on an annual basis and judge the ongoing performance through their business bank account. Compliance, contract and employment documentation is often poor or non-existent, and the value in documenting business processes and operating systems is never even considered. When the time comes to sell, there is no documentation to demonstrate the value of the business aside from annual accounts which have often been prepared to minimise tax rather than demonstrate financial value.

A failure to identify business weaknesses in advance can often lead to the withdrawal of an offer or be cause for a price reduction when uncovered.

Prospective buyers typically review every detail of the business in a process called due diligence. As a seller, you’ll need to anticipate the buyer’s questions and scrutiny and prepare your answers and arguments in advance. In order to do this, the owner needs to be their own biggest critic. This is usually the first time since starting the business that such a detailed review has been performed. After completing this process, many owners have a much more comprehensive understanding of their business – some even identifying that had they known what they learned through the process, they might have been more successful.

If you want to sell your business to create retirement funds in the future, take the time now to create an appropriate business exit strategy. Identify your critical assets and your potential buyers. Carefully structure your plan so you understand what liquidity should be there for you. Make it an objective to run your business in a manner that if you received an irresistible offer today, you would be confident that the buyer’s due diligence wouldn’t uncover anything that would cause them to withdraw their offer. Once or twice a year look at your business as though you were interested in buying it. 😊
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Some medical practitioners store archived hard copy medical records in a shed, usually locked up. A decision of the Australian Privacy Commissioner in 2014 indicates this needs to be reconsidered.

THE FACTS
A GP practice stored hard copy medical records in a locked shed at the back of the premises. The practice moved to an alternate site but still owned and controlled the previous premises. The boxes in the shed contained medical records including progress notes, specialist correspondence, results of medical investigations, discharge summaries, staff pay records, Medicare vouchers, paid invoices and accounts to third parties such as WorkCover. There were approximately 960 patient records stored in the shed which were mainly inactive patients of the practice. For current patients the hard copy records had been scanned into the new electronic record held and controlled at the new premises.
The shed was broken into and the medical records interfered with.

The Australian Privacy Commissioner conducted an “own motion” investigation into the incident.

THE PRIVACY COMMISSIONER’S FINDINGS

The Privacy Commissioner found that the practice had breached its obligations under the Privacy Act 1988 (Cth) ("the Act") in a number of ways:

1. Security of Personal Information
   Organisations are required to take reasonable steps to protect the personal information they hold from unauthorised access, use and loss.
   In considering whether the practice had taken reasonable steps to keep information secure it had regard to the:
   • sensitivity of the personal information handled; and
   • likely impact in the event that the personal information was compromised.

   As the information was health information and therefore “sensitive information” for the purposes of the Act, a higher level of privacy protection is afforded to it under the Act than other personal information.

   The Commissioner found that more stringent steps were required by the practice to keep this information secure than may be required of organisations that do not handle sensitive information.

2. Storage of Records Generally
   Even though the garden shed door was locked with three pad locks, the Privacy Commissioner found that the practice did not take reasonable steps in relation to the security of the personal information.

   Importantly, the Commissioner did not consider there to be any circumstances in which it would be reasonable to store health records, or any sensitive information, in a temporary structure such as a garden shed.

   In this particular case the Privacy Commissioner found the following to be exacerbating factors:
   • the shed was not located at the current premises and so the practice was not in a position to effectively monitor access to the shed; and
   • the practice did not identify or deal with the health records stored in the garden shed for a period of more than two years following its relocation to the new premises.

   The Commissioner found that the practice did not take reasonable steps to store the records securely.

3. Secure Destruction or De Identification of Personal Information
   Organisations are required to take reasonable steps to destroy or permanently de-identify personal information the organisation no longer required.

   The Commissioner found that the practice did not demonstrate in this instance that it had systems in place to identify all personal information that was not being used or disclosed for a permitted purpose. The Commissioner also found that the majority of the records identified in the shed related to patients who ceased to be active patients many years ago which also indicated a failure by the practice to identify and securely destroy or de identify personal information that was no longer being used or required.

THE PRIVACY COMMISSIONER’S RECOMMENDATIONS

The Privacy Commissioner recommended during its investigation that the practice:
1. undertake a risk assessment with respect to their records management and privacy practices;
2. organise privacy training for all the staff including partners, doctors and other health professionals; and
3. develop the practice’s ‘data breach’ response plan to adequately reflect its obligations under the Act.

The practice was in the process of implementing these recommendations in addition to reviewing its privacy policy generally.
WHAT THIS MEANS FOR ALL PRIVATE HEALTH SERVICE PROVIDERS

The Privacy Commissioner’s findings in relation to storage of hard copy medical records are far reaching as there are many health service providers that store records that are no longer required in this way.

Importantly, legislation in some states and territories (NSW, Vic, ACT) creates a statutory obligation to retain records for 7 years from the date of the last consultation for adults, and for minors until they turn 25 years of age. There are also situations where continuing retention of medical records is warranted.

Given the Privacy Commissioner’s recommendations it may be an opportune time for health service providers generally to implement the recommendations of the Commissioner within their own practices, particularly storage and archiving protocols.

Providing Medical Records at the request of a Court

A common enquiry by doctors and midwives is about how to respond to Court documents requiring the production of patient medical records. Depending on which state or territory you practise and the Court involved, the documents will have various names such as Subpoena or Summons to Produce. There are also requests from the Coroner for such information. Not all jurisdictions have a specific form so if there is any doubt, the validity of the document should be checked. These requests mean that patient consent is not required.

It is vitally important that all the documents requested by the Court are provided to the Court. It can be awkward for the practitioner, if questioned about the medical records, to find that various documents out of the patient record have not been provided to the Court. There can be serious consequences with not complying with the request.

How should I approach these requests?

Read the document carefully. The request will detail the information to be provided. It is important to review and understand the scope of the request and that only the documents that are within the scope of the request are provided (eg the request may be limited to a specific injury or time period). It is important that all the documents requested are provided.

Often administrative staff are left the unenviable job of compiling the documents to be provided and sending them to the Court.

It is important the patient’s regular doctor at the clinic review the request and the responding documents before sending them to the Court. The doctor is ultimately responsible for compliance.

What documents form part of the medical record?

- All the progress notes (eg records of consultations, investigation findings, certificates, forms)
- All correspondence (except medico-legal documents discussed below)

The Court document will usually advise if the original records are required or whether a copy will suffice. Now, with the majority of records being kept electronically, a print out from the relevant medical records program will be sufficient, subject to the matters raised below.

What documents are often overlooked and may need to be provided?

- Hard copy records
- Faxes
- SMS and email correspondence
- Archived medical records
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• Do you keep any records at home or in another location?

Billing records and notes on message pads may also form part of the patient’s records but are not usually provided as a matter of course. If they are required, they will usually be specifically requested.

What documents require careful consideration?

• Medico-legal correspondence - if correspondence is received by or sent to solicitors then the documents may be subject to legal professional privilege

• Do the medical records contain notes detailing the counselling provided to the patient in relation to sexual abuse? If so, they may be protected communications. There are various restrictions on access to counselling communications. Also, do the records contain ‘sensitive’ information about the patient or a third party (e.g. husband or wife)?

If the requested records contain any of the above type of information, we recommend you contact your medical indemnity insurer to obtain specific advice on dealing with these records.

If you have any concerns about providing the records more generally, i.e. whether a claim or complaint may be made against you, contact your medical indemnity insurer.

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DR. Erwin Flores
Choosing or reviewing your Practice structure

Julie Smith explains why questions are more important than answers.

When establishing a practice, choosing an appropriate structure for your business is perhaps one of the most important decisions you will make. Your structure is the legal entity through which you will interact with the business world and therefore sets the tax, legal and commercial parameters for your business.

In addition, for established businesses, no structure is a “set and forget” decision. Understanding the circumstances where you would review your ownership structure is also important to maximise your business for the future.

So how do you decide on a structure? And once in place, how do you know if it should be reviewed? The answer is, it depends. All of your personal, business and future circumstances are important when determining the most appropriate structure for you. No two businesses are identical and most importantly, no two business owners are identical. As each structure has its own advantages and disadvantages, your advisor’s recommendations should depend upon your individual circumstances. In essence, the questions to ask and the information to discuss, are just as important as the answers.
When considering where to begin, the questions to ask can be broken into three main areas:

1. Questions about your business
2. Questions about you and your circumstances
3. Questions about the structure and how it works

1. QUESTIONS ABOUT YOUR BUSINESS

Every business owner will have their own plan for their business. Some want to keep it small to provide extra private practice income to supplement their public work. For others they want to grow a large practice, with many doctors and continue to hold it beyond retirement, or look to sell at some stage. Understanding your plan, both current and future is perhaps the most critical issue when determining an appropriate structure. For example, some structures are not easily suited to bringing in business partners in the future and therefore a restructure may be required to achieve this, with associated tax, legal and commercial ramifications. Whilst plans can change, discussing your vision for your business will help advisors to determine what structure is best suited to those plans and how much flexibility is required.

Where you are looking to establish a business, some of the questions to discuss with your advisors include:

- Why are you going into business?
- What is your plan for your business?
- How are you going to fund the start up of your business?
- Do you plan to have business partners – now or in the future?
- Do you plan to build a business to keep, or build a business to sell?

Some prospective owners go to see their advisors to discuss their business ownership structure, but do not yet know the answers to these questions. Whilst you may not have all the plans laid out, it is important to know what you are trying to achieve in establishing your business. As advisors, our role is to help you achieve your goals. If these are not clear before you see your advisor, you risk establishing a structure that does not suit your business or plans. A better outcome is often achieved if you take some extra time to get clarity about your goals, so that you can discuss that with your advisor before establishing your structure, rather than expending time and costs on establishing a structure, only to have to change it later because it is not suitable.

For practices that are established, the question is often raised – “should I consider a restructure”? Ideally, when structuring, we start with the end in mind. This is because restructuring the ownership of your business can be an expensive and time consuming process. It is not only the tax implications (capital gains tax, stamp duty etc), but also the commercial implications. If you change your structure, you often have to consider also changing your legal arrangements, supplier agreements, employment contracts, banking details (including Medicare).

It is not something that is done easily or quickly. So why would you consider a restructure? The most common reason is because either the structure that was set up initially did not consider the issues above and is not suitable to the business plans, or, the plans have changed and the structure that was established is no longer suitable.

If you are concerned about whether this is the case for you, some of the questions to discuss with your advisor would include:

- My business plan has changed – do you think my structure is still suitable and why/why not?
- If not, do I have to restructure to achieve my goals – can it be done another way?
- Why is the suggested restructure better than what I have now?
- Are there any reasons why I would consider a restructure?
2. QUESTIONS ABOUT YOU AND YOUR CIRCUMSTANCES

As an owner, your business structure will determine a raft of items which will have implications for you personally. Issues such as understanding how profits are paid to you, how tax will apply as well as any legal and commercial obligations will determine how easy it is manage and work with your practice ownership structure.

In other words, it is you and your family that will need to work within a business structure, so it is important for your advisor to understand any relevant personal circumstances before giving advice. Some of the common items to discuss include:

- What is your family structure – eg: are you providing for family members such as children?
- Do you have any asset protection concerns?
- Do you have family members who will be involved in the business?
- Who will make the decisions regarding the day to day operations and also the strategic aspects of the business?
- Do you have any other family concerns that are relevant, for example: divorce, step-children?
- What are the practical implications for managing the structure – who is authorised to sign documents and access the bank account?

3. QUESTIONS ABOUT THE STRUCTURE AND HOW IT WORKS

This is perhaps the broadest area to discuss because it can include taxation issues, legal issues, banking, employment and other commercial issues. It is rare for one advisor to be able to answer all of these questions, which is why it is important to have a team of advisors, who regularly communicate about your affairs, so that you can get advice on any issues that are relevant in your decision.

For example, as accountants and business advisors, we will advise you on the tax and business issues for your structure. We do not advise on the legal matters and will often work with your lawyer who will address these areas.

From a taxation perspective, understanding how tax applies to a structure and any profits you receive will certainly influence the choice of structure. It is also critical for you to understand how the various structures practically work from a business perspective to assist with budgeting, record keeping and cashflow management of your business.

Some of the questions to ask regarding the tax aspects of your business when establishing a structure include:

- How do the tax rules apply to this structure?
- Are there any proposed tax changes that might affect this structure?
- What happens from a tax perspective if I want to sell my business?
- What are my broader tax obligations, for example GST and employer obligations?
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• Who else should be involved in assisting me in understanding my obligations with this structure?
• From a tax perspective, how do the different structures work (eg: a company vs a trust)?
• Why are you recommending one structure as opposed to another?
• What are business benefits of one structure as opposed to another?

When an established business is considering a restructure, it is critical that your advisors work together, within their areas of expertise, to address the various issues, which include:
• What are the tax issues or costs associated with restructuring?
• If a restructure is recommended for business purposes, are there any differences in how tax will apply to the new structure?
• If I change my structure, what are the implications for my business from a legal and commercial viewpoint (for example; banking arrangements, employer arrangements, practice management and Medicare/health fund arrangements)?
• Is there anything else I should think about?

When considering the ownership of your business (either new or existing), one of the most common questions we hear from clients is “my friend has a business structure that is … why can’t I just do the same?” I think of this as a great place to start, but not finish. It is seeking to understand whether a structuring recommendation is right for you. A question such as this can be the start of many more and will give you every chance to flush out the issues that are most relevant for your decision. The questions are just as important as the answers.

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Keeping safe in an ever changing compliance environment

Loryn Einstein is the Managing Director at Medical Billing Experts.
Keeping our medical billing clients safe in the ever changing compliance environment has been the focus of Medical Billing Experts for the 10+ years we have been working with doctors across Australia. This has become increasingly important over the past few years with the rapid increase in compliance activities by the Department of Health (DOH). DOH initially focussed on General Practitioners and is now branching into the various specialties. The increase in DOH compliance activities has led to increased referrals from the Department of Health to the Professional Services Review (PSR) and a flow-on impact of increased recoveries of fees from inappropriate doctor billing.

SYSTEMATIC SPECIALIST AUDITS

In June, the PSR published a statement that:

“PSR has been advised that the Department of Health is systematically auditing the various medical specialty groups. As PSR receives referrals in new disciplines, it will be necessary to appoint specialists in those disciplines onto the PSR Panel.”

The PSR went on to state that the following specialists have recently joined the PSR Panel or are being recruited currently:

- One Haematologist
- Two Obstetrician & Gynaecologists
- Three General Surgeons
- Two Respiratory and Sleep Medicine Physician
- Two Rheumatologists
- One Rehabilitation Medicine Physician
- Actively recruiting three Oncologists
- Actively recruiting two Endocrinologists

WHAT DOES THIS MEAN FOR YOUR BILLING?

With the Department of Health systematically auditing specialists, all doctors need to update their knowledge of what billing is appropriate for their particular specialty and how to ensure that all elements of MBS items billed have been met. The recent recruiting activities of PSR panel members is an indicator of some of the specialties that are currently undergoing billing reviews or are likely to be reviewed in the near future. All specialists should seek expert advice or compliance focussed outsourced billing services such as those offered by Medical Billing Experts to ensure that all future billing and billing processes are compliant to avoid unnecessary audits.
SHARED DEBT RECOVERY
There has also been a very significant development that doctors and medical practices need to be aware of – Shared Debt Recovery.

The Shared Debt Recovery Scheme (the Scheme) commenced on 1 July 2019 but applies to all billing for dates of service from 1 July 2018 forward. The Scheme enables the Commonwealth to hold both a practitioner and another party responsible for repayment of compliance debts which arise as a result of incorrectly claiming of Medicare benefits through the making of a shared debt determination.

Shared debt recovery was introduced because Medicare billing is often delegated to non-practitioners, administered through centralised billing areas and can be influenced by organisational processes and policies. Thus, the scheme seeks to apportion the responsibility for incorrect billing practices between the practitioner and the organisation that participated in the billing process.

The scheme does not remove the primary responsibility for appropriate Medicare claiming from the health practitioner providing the service as the practitioner is the only person who can determine that a Medicare service has been delivered in accordance with the requirements of the Medicare Benefits Schedule (MBS). Organisations such as hospitals and private practices (or groups) who are submitting claims, are directly or indirectly receiving Medicare benefits, and are undertaking administrative duties related to Medicare claiming also have an obligation to ensure that claims which are submitted are not false or misleading based on the information they have available. By sharing the responsibility for debts arising from improper Medicare billing, the Scheme was created to encourage practitioners and organisations to work together to minimise incorrect Medicare billing.

COMPLETE MEDICAL SERVICE QUICK CHECK
When you are choosing the most appropriate MBS item number to bill, ask yourself three questions:

1. Does the service rendered comply with all time and content requirements of the MBS item number descriptor?
2. Would a review by the majority of my peer accept that the treatment provided during the service was clinically appropriate for this patient? and
3. Have I adequately documented the service?

How does Shared Debt Recovery work?
The Shared Debt Recovery Scheme applies to debts arising from Department of Health Medicare compliance audits. Most audits are performed to determine whether all element of MBS items billed have been met. Where a claim has been submitted and the requirements of the item descriptor and/or legislation have not been met, a false or misleading statement has been made.

If the practitioner being audited is in an employment or contractual relationship with another party or organisation, the practitioner can request DOH consideration of a shared debt. The DOH sends a notice to the other party to notify them that they are a potential secondary debtor. During the audit process, the DOH may then request documents from both parties in relation to the debt, the contractual arrangement and other documents relevant to determining whether there should be a shared debt recovery.

After considering all the information received, the Department may make a shared debt determination.
In what circumstances will Shared Debt Recovery apply?
In order for a shared debt determination to be made, the following three criteria must apply:

• There is a recoverable amount (a debt) arising from an audit determination that there has been inappropriate Medicare billing (i.e. the making of a false or misleading statement to obtain a Medicare benefit);
• There is a relationship between the practitioner and the organisation (the secondary debtor); and
• The secondary debtor could have controlled or influenced the making of the false or misleading statement(s) relating to the Medicare claiming, obtained a direct or indirect financial benefit from the making of those false or misleading statement(s), and/or there are other factors that make it fair and reasonable for DOH to make a shared debt determination.

In what circumstances will Shared Debt Recovery NOT apply?
The Scheme will not apply to:
• claims adjustments where a practitioner alerts Medicare to an error to correct the claims record;
• a voluntary acknowledgement by a practitioner of incorrect billing following a targeted campaign (i.e. a DOH letter asking the practitioner to review their billing);
• debts arising as a result of inappropriate practice following referral to the Professional Services Review;
• debts arising as a result of a false or misleading statement which can be shown to have been made by someone other than the practitioner; or
• debts arising where one party has, without knowledge of the other party, engaged in fraud in relation to Medicare claims or billing.

How is the debt shared?
The legislative default percentage is a debt apportionment of 65% to the practitioner (the primary debtor) and 35% to the other party/organisation (the secondary debtor).

The primary and/or the secondary debtor can request a review of the default percentage during the course of the DOH audit. The factors that can be considered by the DOH include:

• whether there were any arrangements between the parties for apportioning the benefits paid; and if so, what proportion of the benefits paid for the services were received by the primary debtor and the secondary debtor; and
• what influence or control the secondary debtor may have had over the billing for the services under audit.

A few key points which are particularly worth highlighting
• Where a claim has been submitted and the requirements of the item descriptor and/or legislation have not been met, a false or misleading statement has been made.
• A false or misleading statement does not require dishonesty or an intention to defraud on the part of the person making the claim. It can arise from unintentional errors in claiming and is determined by a factual assessment of whether the correct amount was paid to the practitioner, including whether the professional service rendered met all of the elements of the MBS item descriptor.
• The secondary debtor will, in most circumstances, be the person (or organisation) who employs or engages the health practitioner whose provider number was used to make the Medicare claims for which a debt is owed.
• If an organisation does not receive benefits directly from Medicare (i.e. if the Medicare benefits are paid directly to the practitioner), the organisation may still be held responsible for a percentage of the debt.
• In the case of practitioners who are employees or salaried staff, unless the practitioner can show that another party is solely responsible for the claims (for example if another person has falsified claims), the practitioner will be required to pay a proportion of the debt. This applies even if the practitioner receives a salary or is employed or contracted on a “100% donation model” basis.
• If during the course of an audit, a health practitioner submits a voluntary acknowledgement, the organisation may still be required to repay a percentage of the debt. This applies even if the practitioner receives a salary or is employed or contracted on a “100% donation model” basis.
• Shared Debt Recovery will only apply to audits commenced from 1 July 2019 but applies to services provided from 1 July 2018 onwards.
• There is no provision in the Health Insurance Act that enables either
OUTSOURCING TO PROTECT YOUR PRACTICE

The Department of Health audits are increasingly catching specialists by surprise. Most specialists have been billing the same item numbers using the same administrative and documentation processes for many years and are now discovering during audit processes that they actually have not been fulfilling the requirements of the item numbers they have been billing. This is often due to the fact that the practitioners and their administrative staff have limited opportunity to obtain information or skills to ensure that the processes and documentation standards required by the DOH are met. This is certainly not helped by the constantly shifting goalposts.

To avoid unnecessary audits, specialists should ensure that all future billing and billing processes are compliant by seeking expert advice and/or compliance focussed outsourced billing services such as those offered by Medical Billing Experts.

**Stay on top of medical billing**

Keep an eye out for the next Medical Billing Experts article to make sure that you stay up to date with new insurance regulations, medical billing news and updates, and if you have questions about your medical billing, contact us for an introduction to Loryn Einstein.

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