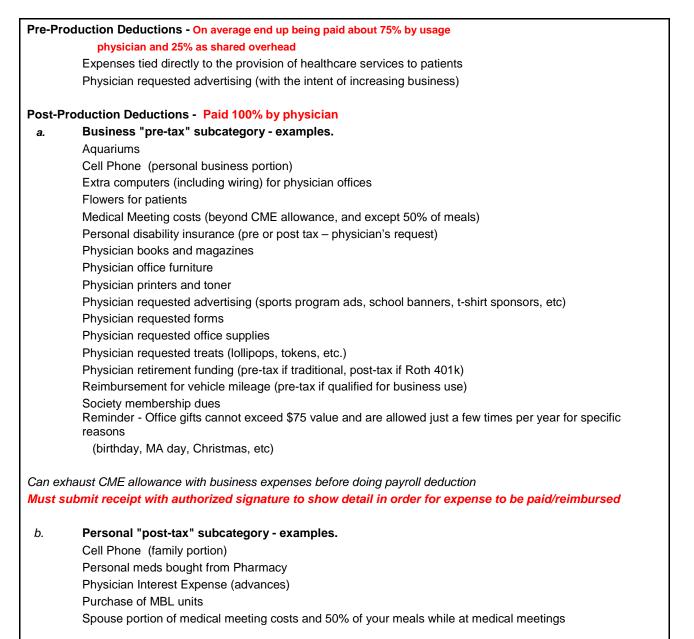
Business Expense Deductions:



Must submit receipt with authorized signature to show detail in order for expense to be paid/reimbursed

Cost Accounting Policy

There are two general categories used for cost accounting, Pre-Production deductions and Post-Production deductions.

Pre-Production Deductions

Deductions in this category are usually tied directly to the cost of providing healthcare services. One exception to this is the deduction for professional liability insurance. Deductions in this category include costs of supplies that are reimbursed through billed services. Also included in this deduction category are the costs for various "cost centers" within the clinic (Laboratory, Imaging, Clinic Ultrasound, Sleep Center). In these "cost centers," the

total of all expenses are deducted as a percentage of the net billed amount for that category. This occurs in the DHS calculation on the production document. Another cost center is the "Other DHS" category. This category includes injections, immunizations, ortho braces, IUD's, etc. The costs for "Other DHS" are deducted each quarter. Other expenses in this category include nursing hours and benefits (over 40). Equipment expenses that are significant and have a breakeven of more than two years are included in this category.

Post-Production Deductions (can be either pre-tax "business" expenses or post-tax "personal" expenses)

Items in the <u>business-related pre-tax category</u> are usually items requested by a physician, but are not necessary components to the practice of medicine (aquariums, flowers, office decorations), or they may be necessary for the practice of medicine but the use of the product may vary significantly from physician to physician (cell phone). Items in the <u>personal expense post-tax category</u> are not related at all to the practice of medicine but are expenses that have been run through the clinic (family cell phone, spouse travel costs, personal meds, MBL unit purchases, etc)