

Philadelphia Medicine



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The Investment tax landscape: Countdown to 2013

by Scott Nash



In December 2010, Congress extended the so-called Bush-era tax cuts by passing the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. However, for investors, the legislation may represent not a pardon but a stay of execution. While it's true that federal tax rates on income, qualifying dividends, and capital gains have been extended through the end of the 2012 tax year, many of the issues that influenced the debate over tax rate extensions will continue to be the subject of heated discussion. As a result, investors have been granted a reprieve while Con-

gress wrestles with those issues. That's the time you can use to think about how best to position your portfolio.

There are several categories of investors who should be paying particular attention to the planning process in the coming years.

Can won't stay kicked down the road forever

Why should you look at the time between now and 2013 as an opportunity? Because the US budget deficit is at levels that both political parties recognize can't be sustained long-term. In 2010, a presidential budget commission recommended addressing the problem through a combination of spending cuts and tax increases. Though the proposals didn't get enough support to be submitted to Congress, the deficit problem hasn't gone away. Even if Congress can agree on budget cuts, the possibility of higher taxes in the future can't be ruled out.

There are several categories of investors who should be paying particular attention to the planning process in

the coming years. They include people with investments that have appreciated substantially in value; people who rely on dividends and bonds to provide them with ordinary living expenses; and people who are considering investing in the newly issued stock of small business.

Capital gains and dividends

The tax cut extensions gave investors who have large unrealized capital gains some breathing room. Rather than a top tax rate of 20%, long-term capital gains will generally continue to be subject to a maximum rate of 15%, and the rate for investors in the lowest two tax brackets will remain at zero. If you own investments that have appreciated substantially in value and that now represent a bigger portion of your portfolio than you'd like, you have another chance to examine whether it makes sense to unwind those investments before the end of 2012. Taxes obviously are only one factor in making such a decision, of course. However, if you've been considering selling an asset anyway, you've got some time to plan and gradually implement a strategy for doing so.

Two points worth remembering: first, unless further action is taken, the top long-term gains rate will increase to 20% in 2012 (a top rate of 10% will apply to investors in the 15% tax bracket); and second, even at the increased level, the rates on those gains would still be relatively low. As recently as 1986, under President Ronald Reagan, the Tax Reform Act of 1986 provided for capital gains to be taxed at the same rate as ordinary income, with a top rate of 28%. To paraphrase Mark Twain, no one is safe when Congress is in session, and there's no guarantee that the top capital gains rate after 2012 might not be increased

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PCMS NEWS

Upcoming Program

PCMS and USI Affinity will present a seminar for Physicians and Practice Managers:

"Best Practices in Managing Your Medical Practice"

You will take back to your office strategies to help you overcome the challenges of handling irate customers, juggling multiple priorities, managing time and growing your business

SPEAKER:

Steve Coscia, expert in customer service

WHEN:

Thursday, September 15, 2011, 8:30 AM – 10:00 AM (Continental Breakfast)

WHERE:

PCMS headquarters, 2100 Spring Garden Street, Philadelphia

Free onsite parking

FREE for PCMS Members

\$20 for non-members (Checks should be made payable to PCMS)

Attendees must register by calling 215-563-5343, Ext. 113 by September 12.

Make us a "Safe Sender"

PCMS sends some of our communications to members via e-mail. We send out periodic announcements, legislative alerts, and other important, time-sensitive messages. In order to guarantee that you, and/or your designated staff members, receive all of the PCMS's e-mails, please add us to your "safe senders" list. Add the following e-mail address to your e-mail address book AND flag this address as "safe senders" for the "Philadelphia County Medical Society": stat@philamedsoc.org.

All events are posted on the PCMS website.

These include CME programs and seminars from outside sources.

If you would like to post your event on the website, call 215-563-5343, Ext. 102

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HMI HEALTHCARE MEDIA INTERNATIONAL

Extracts from Dr. Lynn Lucas-Fehm's inaugural presidential address



When I became president elect of the Philadelphia County Medical Society approximately one year ago, I realized that I would be the 150th physician to hold this office. I simultaneously felt a sense of responsibility for the future of our organization while also experiencing a need to explore our past. By utilizing Google Docs, I discovered abundant historical information about PCMS and the physicians who organized and nurtured it.

The first PCMS leaders were the top medical professors, clinicians and public health advocates of their day. They laid the foundation of medical ethics and standards that we still embrace. The initial objectives of the medical society were documented in *A History of Philadelphia*, and read in part as follows:

"The advancement of knowledge upon all subjects connected with the healing art; the elevation of the rights and interests of those engaged in the practice of medicine, and the study of the means to render the medical profession most useful to the public and subservient to the interests of humanity."

Our objectives today are no different. But the healthcare environment in which we must carry them out bears little resemblance to the past.

The challenges we face include ACOs, E-prescribing, managed care, Mcare, RVUs and tort reform. With all of the issues we are facing, we are caught in a perfect storm known as the healthcare delivery system.

But I prefer to look on this as a perfect opportunity. An opportunity for us to come together to make sure that what is best for our patients does not become a casualty of healthcare reform – and there is no better place to unite than the Philadelphia County Medical Society. PCMS is an ideal venue for us to find common ground.

But it will not be easy. Each year various specialty groups meet with government on behalf of their organizations and, as a specialty physician, I know that

these interactions with our legislators must continue.

However, these specialist weighted meetings often do little more than place a Bandaid on a small portion of a far larger wound. In order to effect meaningful change that will benefit all of us, there must an equal commitment of time and energy to the realization that we are stronger together than we will ever be apart. A failure to unite will result in further erosion of our ability to influence and manage our own profession.

Well, if it is true that all politics is local, then an important part of our strategy must be to find a better way to work locally with our government, insurance, hospital and community leaders.

So what is my agenda for PCMS this year?

Well, if it is true that all politics is local, then an important part of our strategy must be to find a better way to work locally with our government, insurance, hospital and community leaders.

I will include a commitment to and expansion of our public health committee. We will be reaching out to numerous organizations to make sure that our message is heard. We will also increase our dialogue with neighboring county medical societies.

I am not naïve and know that dramatic changes will not occur in a year. But I do believe that a persistent sincere effort is never wasted. A step no matter how small is still progress and the alternative is too grim to allow without a fight. I look forward to working with all of you.

Host your event at PCMS

Host your next party or conference/ seminar at PCMS headquarters. Ample free parking. Contact Louise Eder on 215-563-5343, Ext. 107 to schedule an appointment.

Investment landscape

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beyond the scheduled 20% maximum.

Qualified dividends will continue to be taxed through 2012 at the long-term capital gains rates rather than as ordinary income, as they were before 2003 and are scheduled to be again beginning in 2013.

The higher your tax bracket and the more reliant you are on dividends for your income, the more you should be aware of the potential impact if that income were subject to higher taxes.

Again, many factors will affect your decision about the role of dividends in your portfolio, including the potential for higher interest rates in the future. However, some “what-if” analysis might be useful.

2013 and beyond

The nation’s financial pressures will almost certainly mean continued adjustments to the tax code as 2013 approaches. Though there are no guarantees about what will happen when the new provisions expire, investors generally have another chance to fine-tune their planning efforts while taxes remain historically low.

If a bird in the hand is worth two in the bush, why not get expert help in taking advantage of the opportunities available now?

Scott Nash is an Accredited Wealth Management Advisor and Executive VP, Janney Montgomery Scott LLC. Contact him at 800-526-6397 or www.nashwealthmanagement.com.

Philadelphia holds healthcare fraud prevention summit

The fight against Medicare and Medicaid fraud came to Philadelphia in June, when Health and Human Services Secretary Kathleen Sebelius and the federal government announced that in July they began using predictive-modeling computer software to flag would-be criminals before they get a check from taxpayers.

The system is supposed to enable the government to collect and analyze information so it can spot potential fraud rather than simply evaluate one claim at a time.

US Attorney General Eric Holder joined Sebelius and others involved in fighting healthcare fraud at the summit, which was held at the University of the Sciences in Philadelphia.

New AMA policies target certification and licensure

The time and money physicians spend meeting requirements to maintain their medical licenses and board certifications is a drain on their wallets and takes valuable time away from treating patients, said delegates at the AMA Annual Meeting.

Many physicians fear that the mandates will become even more burdensome as state medical boards develop new maintenance-of-licensure requirements.

In response, delegates adopted six policies dealing with specialty certification and licensure.

The AMA will ask the American Board of Medical Specialties not to require physicians to take numerous certification exams. Among the other policies, the AMA will encourage medical boards to accept participation in maintenance of certification and Osteopathic Continuous Certification as meeting requirements to maintain their licenses.

The AMA also will oppose public reporting of physician performance data collected by certification and licensing boards, and it will work with the Accreditation Council for Continuing Medical Education to minimize the rising costs of CME.

Physicians certified before 1990 are

exempt from maintenance-of-certification requirements but won’t be exempt from new maintenance-of-licensure rules.

Under the current system, most state licensing boards require physicians to self-report CME activities.

But in April 2010, the Federation of State Medical Boards released a framework to revamp maintenance-of-licensure rules. The goal is to develop a more robust, continuous professional development system that ensures quality and patient safety, the FSMB said.

Many physicians, however, fear that the new maintenance-of-licensure rules will force them to duplicate CME and other requirements they already carry out for maintenance of certification, said Steven Chen, MD, a delegate for the Young Physicians Section and surgical oncologist from Sacramento, Calif.

FSMB President and CEO Humayun Chaudhry, DO, said the federation is working with state boards and physician organizations nationwide to implement those requirements and recognizes maintenance of certification as having value for maintenance of licensure. “We are listening, and we are continuing to listen,” he said.

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AMA News*

A model of success: AMA adopts students’ resolution on body images

Aaron George, chair of the Medical Student Section Governing Council (MSS) and a student at the Philadelphia College of Osteopathic Medicine, co-authored a resolution to discourage advertisers from altering ads that often times promote unrealistic body images.

It was adopted by both the Pennsylvania Medical Society and the American Medical Association. The students’ resolution quickly generated a flurry of national media attention, including coverage in the *Washington Post*, *Philadelphia Inquirer*, *New York Times*, and *ABC Nightline*.

The new policy encourages advertisers to work with organizations concerned with the health of children and adolescents to develop guidelines to discourage the alteration of photos in ways that

create unrealistic expectations about body image.

Multiple studies have shown the powerful effect of media on adolescent body self-image, as well as the link between media exposure and the likelihood of having symptoms associated with eating disorders and depression.

Looking for Office Space?

PCMS headquarters has up to 4,000 sq. ft. of office space available for lease with onsite parking. Call 215-563-5343, Ext. 101.

pcms people

William Herring, MD, has received the 2011 Achievement Award of the Association of Program Directors in Radiology.

Natalia Ortiz-Torrent, MD, has received the 18th Annual Nance C.A. Roeske, MD, Certificate of Recognition for Excellence in Medical Student Education from the American Psychiatric Association.

Jeffrey I. Komins, MD, has been named executive vice president and chief quality office/chief medical officer at Catholic Health East.

Laurence J. Gavin, MD, FACEP, was named 2010 Physician of the Year by the Pennsylvania Chapter of the American College of Emergency Physicians.

Leonard Jacob, MD, PhD, a member of the Temple University School of Medicine's (TUSM) Board of Visitors, established a pharmacology fellowship at TUSM in honor of his former teacher and good friend, Ronald Tallarida, PhD, professor of pharmacology.

Want to attend the PAMED Annual Meeting?

Here's How:

PCMS may need additional physician members to represent Philadelphia physicians and patients at the Annual Meeting of The Pennsylvania Medical Society at the Hershey Lodge and Convention Center in Hersey, Pa., on Saturday, October 15, and Sunday, October 16, 2011. Expenses will be reimbursed. This is an opportunity to have a voice in setting your medical society's policy. Call 215-563-5343, Ext. 101 for more information.

PCMS hosts ACO Town Hall meeting

The room was full as Dr. John Cacciamani (Past President PCMS) gave a detailed presentation to educate physicians on Accountable Care Organizations (ACOs), the role they will play in the future of healthcare, and the importance of physician-run ACOs.

Dr. Barbara Connors, Chief Medical Officer from Centers for Medicare & Medicaid Services (CMS) Region III, was also on hand to outline the major provisions of the CMS proposed rule.

In June, the AMA submitted comments to CMS on their proposed rule on ACOs and urged CMS to make significant changes to the proposed rule to allow all interested physicians to lead and participate. Stay tuned.

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