Spring 2012
Editor: Scott D. Boden, MD

EOA News

EASTERN ORTHOPÆDIC ASSOCIATION

President's Message

Henry A. Backe, MD

I want to assure you, our members, that our Board of Directors has worked hard and donated their time over the past 9 months for your benefit and for the continued success of the EOA. We completed a strategic planning session at the mid-winter Board Meeting this past January and the strategic plans from 2002 and 2007 were reviewed. We reaffirmed our mission as an organization: "The purpose of the EOA shall be to promote, encourage, foster and advance the art of science and orthopaedic surgery and matters related thereto, and to establish a forum for free discussion and teaching of orthopaedic methods and principles among the members."

We made changes to the bylaws that will benefit the organization. Some are detailed in this newsletter. The most important change is regarding membership qualifications. A lot of discussion and time went into this bylaw change. A few regional organizations have overlap of states and thus orthopedic surgeons can be members of more than one regional society. This allows the members to participate in the benefits of both associations. It is also another opportunity for the EOA to gain new members and there is no real downside to extending membership to our colleagues out of region. The Mid-America, Western and Southern Orthopedic Associations have also opened their membership to people out of region already. We will be voting on this at the First Business Meeting in June.

We set locations for the Annual Meetings through 2014, keeping in mind the advantages of having the meetings in locations that are easy to reach but still are great destinations. Miami, (South Beach), FL is the site for 2013 and Amelia Island, FL will be the site for 2014. We researched the feasibility of taking the meeting across the Atlantic in 2015. There will be more to come on the location in upcoming newsletters. The membership surveys over the years have showed interest in setting a consistent and predictable meeting time and location rotation. As discussed in the previous strategic planning meeting in 2007, we are

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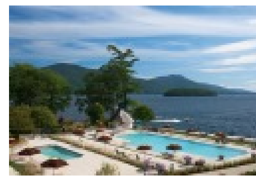
Register Today for the 43rd Annual Meeting

The EOA Annual Meeting is June 20-23, 2012 at The Sagamore in beautiful Bolton Landing, New York. Visit **www.eoa-assn.org** to view the Preliminary Program which includes all the meeting information.

The magnificent Sagamore has been extending hospitality to visitors of Bolton Landing for over one hundred years. It commands stunning views of Lake George and the islands that grace its waters. Located 60 miles north of Albany, The Sagamore is a leisurely drive from most Mid-Atlantic, New England, Quebec and Ontario Province metropolitan areas, and is just a four-hour drive from New York City or Boston.

The Sagamore, located in the heart of the Adirondacks, is an island resort on Lake George anchored in Bolton Landing, New York. From outdoor adventure to peaceful solitude, you can find it in the Adirondacks. With more than 20 beautiful lakes, countless outdoor activities and dozens of exciting attractions, the Lake George area is the perfect vacationer's paradise. This family friendly golf and lakefront resort offers luxury accommodations, extraordinary dining, superb fitness and spa facilities and a host of opportunities to enjoy the incredible outdoors.



Register for the meeting online at **www.eoa-assn.org** and make your reservations at The Sagamore by calling **866-384-2979**.

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Eastern Orthopaedic Association

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President's Message continued

going to do two years in the fall, and the third year in the summer. To continue the tradition of the EOA being a travel oriented association, the fourth year, if financially possible, will be held out of our region. Due to the restraints of getting exhibitors to Puerto Rico and the Bahamas, these locations are to be considered out of region. Remember the previous EOA meetings in Rome, Vienna, Ireland and Victoria, B.C.? Some of our fondest memories were from EOA meetings out of our region. We are also investigating the idea of inviting one of our State Society organizations to hold its Annual Meeting within our Annual Meeting.

We approved the incorporation of Self-Assessment Exams in our upcoming meetings starting in 2013. This will make sure you stay on track for recertification. Thank you to Past President John Richmond for spearheading this endeavor. We are increasing our communications with the Residency Program Chairmen in our region to increase resident and fellow participation in our meetings. We have stayed on budget and are running the organization in the black! We have been active in working with the AAOS, the Orthopaedic PAC, and the other regional associations to let our voice as orthopedic surgeons be heard in Washington throughout this unstable time in healthcare. As our mission does not include political action, we encourage you to support the Orthopaedic PAC.

I hope this newsletter brings you up to date on the happenings of your organization. If you have any questions or concerns, don't hesitate to call me, any of your Board Members, or our management staff at Data Trace.

Our 43rd Annual Meeting is just weeks away, June 20th – 23rd, 2012. Tara and I are looking forward to hosting you at the Historic Sagamore Resort on Lake George. John Kelly, MD, our Program Chairman, has done a great job in organizing the Scientific Program. It is packed with CME educational opportunities for the subspecialist, the general orthopedist and allied health professionals. There are symposia on cartilage, hip arthroscopy, joint arthroplasty, DVT prophylaxis, wrist fixation and more. Don't miss the short videos on "How to" throughout the meeting. Case presentations will be available each morning. We have a tremendous educational opportunity for the residents and fellows with 10 travel grant awards and 5 special paper awards. Mini courses are available in the afternoon at no extra cost on total joint replacement, sports, and hand and wrist fixation.

We will have Industry sponsored lunches and events for non CME education. Our Howard Steel lecture will be given by Dan Pelino and Christine Kretz both from IBM Watson. I have invited Mr. Derek McMinn from the UK, well known for Birmingham Hip Resurfacing, to give the Presidential Guest Lecture.

Best of all, it will be good to reconnect with fellow colleagues and EOA members, spend quality time with our families and enjoy a beautiful resort.

See you on the lake!

Sincerely,

Henry A. Backe, Jr., MD

The EOA Mission

The purpose of the EOA shall be to promote, encourage, foster and advance the art of science and orthopaedic surgery and matters related thereto, and to establish a forum for free discussion and teaching of orthopaedic methods and principles among the members.

Program Chair's Message

Dear Fellow EOA Members, Spouses, and Affiliated Guests:

President Henry Backe and I, along with the Board of Directors and the Program Committee, ask you to consider attending the Eastern Orthopaedic Association's 2012 Annual Meeting, June 21-23 in the beautiful Adirondack Mountains of upstate New York.

The EOA Annual Meeting has again attracted a superior group of researchers and presenters. The Program Committee has reviewed scores of abstracts and has endeavored to present as many quality presentations as possible. Attendees will similarly have access to an impressive group of poster presentations and multimedia DVDs for additional CME opportunities. In addition we will feature 'focus videos,' whereupon Master Surgeons display an array of surgical techniques.

We have developed a program 'tailor made' to meet the educational and practical needs of the orthopedist. Scientific sessions showcasing the most informative abstracts are interspersed with symposia conducted by nationally known leaders – many of whom are EOA members. We are blessed to have Felix 'Buddy' Savoie instruct attendees on innovations in shoulder and elbow arthritis management. Bernard Stulberg will grace registrants on recent advances in AVN of the hip and our own Chit Ranawat will impart his pearls in 'how to balance a knee.' Further, Carlos Lavernia will discuss his thoughts on conflict of interest and from Southern Orthopedic Association, President T. Moorman will share his technique on lateral knee reconstruction.

As an added service to attendees, we have apportioned time to present challenging cases to our distinguished faculty.

This year we are privileged to have as our Presidential Guest Speaker Derek McMinn, from the UK, who pioneered the Birmingham Hip resurfacing procedure.

The Howard Steel Lecture will be given by Dan Pelino, General Manager, Global Healthcare and Life Sciences IBM Corporation who will 'wow' audiences with technology lore from 'Big Blue.'

Additional treats will be Scott Levin's presentation on his successful bilateral hand transplantation, as well as, Bob Richards' reflections on giving back to the community.

The meeting this year is at The Sagamore Resort on Lake George. Please visit **www.eoa-assn.org** to view the amenities and room rates, and call **866-384-2979** to make your reservations. The hotel and setting in beautiful Bolton Landing, NY offers spectacular scenery, water sports and premium golf. One will soon recognize why the early French explorers deemed the land 'Sacred.' It's a family resort with numerous restaurants, a spa, tennis courts, a marina and children's activities.

Henry, Tara, Marie and I look forward to seeing you all at the EOA Annual Meeting at The Sagamore. It promises to be a memorable educational and family experience. I am honored Henry has afforded me the privilege of constructing the program. I can only hope to approach the success of Geoff Westrich – Program Chairman in 2011.

Sincerely,

John D. Kelly IV, MD
Program Chairman, 2012

2012 Program Committee

The Eastern Orthopaedic Association gratefully acknowledges the following orthopaedic surgeons for their contribution to the development of the scientific program.

John D. Kelly IV, MD, Chair
Neal C. Chen, MD
Javad Parvizi, MD, FRCS
Amar S. Ranawat, MD
Fotios P. Tjoumakaris, MD
Geoffrey H. Westrich, MD
David S. Zelouf, MD

2012 Scientific Program Highlights

Thursday – June 21, 2012
General Session I – Case Reviews
Concurrent Symposia I – Cartilage
Concurrent General Session II – Arthroplasty
Concurrent General Session III – Sports Shoulder
Concurrent General Session IV – Knee Arthoplasty
General Session V – Presidential Address & Howard Steel Lecturer: Henry A. Backe, MD, Daniel S. Pelino & Christine M. Kretz
Concurrent Symposia II – Upper Extremity
Concurrent Symposia III – General/Trauma
Symposia IV – Arthroplasty Hip/Knee
Multimedia Education Session (Following Scientific Program)
Posters (Presenters Available after the Scientific Program.)

Friday – June 22, 2012
General Session VI – Case Reviews
Concurrent Symposia V – Hip Arthroscopy
Concurrent Symposia VI – DVT Prophylaxis Across Specialties
Concurrent General Session VII – Sports Medicine/Shoulder
Concurrent General Session VIII – General/Basic Science
General Session IX – AAOS Report, Special Lecture & Presidential Guest Speaker: John R. Tongue, MD, Scott M. Levin, MD & Derek J. W. McMinn, MD, FRCS
Concurrent Symposia VII – Shoulder Elbow (Debates)
Concurrent Symposia VIII – Arthroplasty
Multimedia Education Session (Following Scientific Program)
Posters (Presenters Available after the Scientific Program.)
Exhibitor and Poster Reception

Saturday – June 23, 2012
General Session X – Case Reviews
Concurrent General Session XI – Lower Extremity/Trauma
Concurrent General Session XII – Knee
Concurrent General Session XIII – General
Concurrent General Session XIV – Arthroplasty
Symposium IX – Joint Preservation Shoulder Elbow
General Session XV – Reports, BOC and OREF
Concurrent Symposia X – General Trauma (Debate)
Concurrent Symposia XI – Sports
Concurrent General Session XVI – Upper Extremity
Concurrent General Session XVII – Spine/Pediatrics
Symposium XII – Hand/Wrist Fixation
Multimedia Education Session (Following Scientific Program)
Posters (Presenters Available after the Scientific Program.)

2012 Presidential Guest Speaker

Derek J. W. McMinn, MD, FRCS

It is a great pleasure for EOA to have Derek McMinn as the 2012 Presidential Guest Speaker. For the past 27 years, Mr. McMinn has been involved in research aimed at improving the quality of life of patients with arthritis. Having graduated from St. Thomas Medical School in London in 1977, he moved to Birmingham and then on to several leading arthroplasty centers in the world for specialist training in primary and revision surgery. Returning to Birmingham, Mr. McMinn developed a large arthroplasty practice and introduced many original implants. In earlier years he performed more knee replacements than hips, but as the challenge of developing a successful hip resurfacing made ever-increasing demands on his time and expertise, knee arthroplasty work had to take a back seat.

A few of the many contributions of Mr. McMinn to arthroplasty include the McMinn Resurfacing in 1991, the Birmingham Hip Resurfacing (BHR) in 1997, the Birmingham Mid-Head Resection (BMHR) device in 2003, and the Birmingham Knee Replacement in 2007. Alongside the development of these various implants, he finessed the surgical techniques for their safe implantation and the necessary instrumentation. He has personally performed over 3,500 hip resurfacings and trained surgeons from around the world.

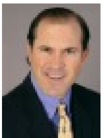
Mr. McMinn was the Presidential Guest Lecturer at the Hip Society Open meeting at the 75th Anniversary of the AAOS in San Francisco, the Sir John Charnley Lecturer at the British Orthopaedic Association and the Sir Robert Jones Lecturer at NYU in New York in 2008. He has addressed the Select Committee of the British House of Commons, has published extensively in leading journals and authored books on hip arthroplasty. His book, *Modern Hip Resurfacing,* which has received critical acclaim from several quarters, includes a textbook and an operative technique video.

After establishing hip resurfacing as a successful treatment option, he resumed his work on knees. His Birmingham Knee Replacement incorporates several well-researched conceptual changes, which promise to add a new dimension in restoring knee function and patient satisfaction following knee replacement.

He continues to lead a team of engineers and medical researchers in his quest to find better solutions for hip and knee arthritis in the young and active. He set up the McMinn Centre as a continuing platform for disseminating education and research. In recognition of his sterling work, the University of Birmingham awarded Mr. McMinn the degree of Doctor of Medicine (MD) Honoris Causa. EOA is honored to have Mr. McMinn as the Presidential Guest Speaker for its 43rd Annual Meeting.

2012 Howard Steel Orthopaedic Foundation Lecturer

Daniel S. Pelino, IBM Corporation



EOA is pleased to have Daniel S. Pelino as the 2012 Howard Steel Lecturer. He is General Manager of IBM's Global Healthcare And Life Sciences Business. Mr. Pelino works closely with public and private healthcare providers and payers, biotech and pharmaceutical companies, and medical device and instrument companies worldwide to create smarter, better-connected healthcare systems. He is a recognized expert in healthcare IT, and has helped countries and states transform and digitize their healthcare systems.

Mr. Pelino is a frequent contributor to the healthcare dialogue having appeared on numerous programs including ABC Nightly News, CNN, BBC, and has been quoted in various publications such as the *Wall Street Journal, USA Today, New York Times, Washington Post*, and a number of global publications. He has moderated many healthcare panels, hosted numerous webinars and you can follow his blogs on related healthcare topics.

He serves on the Executive Committee for the Patient Centered Primary Care Collaborative (PCPCC) and on the Board of Directors of the Healthcare Executive Network (HEN). Mr. Pelino is an inaugural member of the IBM Industry Academy representing the Healthcare and Life Sciences Industries.

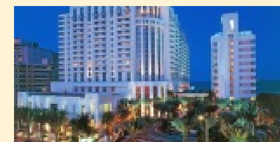
Since joining IBM in 1980, Mr. Pelino has served in a number of leadership positions, including Vice President of Corporate Marketing and Strategy; Vice President of Global Distribution Channels Management; Vice President of The Americas, Central Region, responsible for customer relationships, revenue, profit, and market share for 15 Midwestern states; and Group Vice President of Global Sales, Marketing, and Support for the Technology Group.

Mr. Pelino received a BS in Business Administration and Public Relations and a master's degree in Organizational and Behavioral Studies from Western Kentucky University.

Please join us for his exciting and interesting presentation as he demonstrates the powers and applications of "Watson" the computer.

Important Dates

43rd Annual Meeting
June 20-23, 2012
The Sagamore on Lake George
Bolton Landing, NY



44th Annual Meeting
October 30-November 2, 2013
Loews Miami Beach
Miami Beach, FL

Multimedia Education Sessions

The EOA will provide a multimedia education session on Thursday, Friday, and Saturday afternoons, June 21-23. A comprehensive selection of AAOS DVDs will be available for your review. These DVDs will highlight surgical procedures and current concepts in orthopaedics. Registered attendees should find these DVDs informative and helpful in their practice.

Bylaws Changes

The following Bylaws changes will be presented to the membership for approval at the 2012 Annual Meeting at The Sagamore on Lake George in Bolton Landing, NY, June 20-23. The copy in red are recommended additions and copy struck through are to be removed. Some of the wording printed in the last newsletter is slightly different.

ARTICLE XIII COMMITTEES
SECTION 6: Audit Committee

B. This Committee shall be responsible for ~~the annual~~ an audit of the ASSOCIATION~~; and it shall submit to the Board of Directors and the membership an annual report.~~ every three years for the year preceding the contract renewal with EOA's Management Company; and it shall submit to the Board of Directors and upon request of the membership an audit report at that time. Other audits will occur at the discretion of the Treasurer.

C. This Committee shall retain the services of an Independent Certified Public ~~Accountant~~ Accounting Firm ~~who is in no way connected with the ASSOCIATION~~. At the discretion of this Committee, ~~who is to assist in making the annual audit or other special audits.~~ the ~~annual~~ audit may be made without prior consultation with any other officers or employees of the ASSOCIATION.

D. This Committee shall have the right to review the financial affairs of the ASSOCIATION in addition to the ~~annual~~ audit only after written notification to the Board of Directors of the purpose and scope of such a review.

ARTICLE IV MEMBERSHIP
SECTION 3: Out-of-Region Membership Qualifications

A. Out of Region members are considered Active Members in the ASSOCIATION and shall meet the following criteria.

(1) Out of Region members are physicians who maintain a full and unrestricted license to practice Medicine, and practices outside of the geographic boundaries of the ASSOCIATION and inside the United States;

(2) Out of Region members shall be a Fellow in good standing of the American Academy of Orthopaedic Surgeons or an equivalent organization as determined in the sole discretion of the ASSOCIATION;

(3) Out of Region members agree to be bound by and adhere to the Principles of Medical Ethics of the American Medical Association. Members of the American Osteopathic Association agree to be bound by and adhere to the Code of Ethics of the American Osteopathic Association;

(4) Out of Region members shall maintain high professional, moral and ethical standards in his/her community;

(5) Out of Region members comply with the dues, fees, and assessment requirements as well as these Bylaws and Policy Statements established from time to time by the Board of Directors of the ASSOCIATION.

B. Out of Region members are eligible to vote, hold office, serve on committees, and sponsor applicants for membership.

C. Out of Region members do pay dues, fees and assessments.

D. Conformity to these criteria in their entirety continues an Out of Region member as an Active member in good standing.

SECTION ~~3~~ 4: Emeritus Membership Qualifications (All Membership Categories would need to be renumbered. For example, this one was SECTION 3)

Will You Conquer the Cash Crunch in Retirement? How to Meet the #1 Financial Challenge Facing Baby Boomers...and Avoid Common Pitfalls

David Mandell, JD, MBA & Dinah Bird, Ph.D., CFP®, CIMA

"More U.S. Baby Boomers fear running out of money in retirement than they fear death."*
Those of you born between 1946 and 1964 are part of the 77-million strong Baby Boomer generation – one that is now contemplating retirement. If you were born before 1946, you may already be retired or seriously considering it. If you fit into either of these groups, the following issue will be paramount for all of your financial decisions moving forward: "How do I take the wealth I have saved and efficiently turn it into cash income to sustain me during retirement?" No wonder, as the quote above makes clear, many soon-to-be retirees are worried about running out of money in their retirement.

In this article, we will discuss problems with the solutions retirees typically rely on to generate cash income in their retirement <u>and suggest alternatives which may be safer and more efficient.</u>

Conventional Wisdom on Generating Cash in Retirement
"Conventional wisdom" suggests that financial planning for retirement should include various investment strategies for generating cash to live on. Let's examine the leading strategies for generating cash and the significant risks inherent in each of them:

1. Periodically liquidate a portion of investments
This technique is used in almost all retirees' planning. It simply means periodically selling assets to generate cash to live on – whether those assets are in IRAs, personally-held securities and investments, real estate, the family home, business, etc. The problems with periodic liquidation are:

<u>**Risk #1: Market Timing**</u> Timing the sale of an asset can be tricky, as many retirees can attest to in the aftermath of the stock market crash of 2008. The investment you are selling may be discounted 30 to 50 percent at the time you need to sell. Being stuck in a "liquidation only" strategy in market downturns can be dangerous.

<u>**Risk #2: Taxes**</u> When selling almost any asset, you will pay capital gains taxes at both the federal and state level. These taxes can eat up 25% of the gains. For distributions from a qualified retirement plan or IRA, the tax bite can be as high as 45%! Relying solely or significantly on liquidation strategy means being subject to these taxes and to the risk that such rates will increase. Given that federal capital gains tax rates are at the lowest in their history, being subject to future tax increase is not a risk to overlook.

2. Allocate heavily to a ladder bond portfolio/dividend producing stocks
A laddered bond portfolio is a strategy commonly used by retirees whereby an investor purchases a group of bonds with different maturities, attempting to match cash flows with the demand for cash. One bond might mature in one year, another in three years, and the remaining bonds might mature in five-plus years. Each bond represents a different rung on the ladder.

<u>**Risk #1: Inflation**</u> As inflation goes up, the bonds in the laddered portfolio do not keep up with buying power. The bonds and their interest may pay the same, but the investor can purchase fewer goods with the same amount of money.

<u>**Risk # 2: Interest Rate**</u> As rates rise, the prices of a fixed rate bond will fall, and vice

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Money Matters continued

versa. Although bond laddering is a tried and true approach, consider the problems of allocating a substantial amount of money to a laddered portfolio in light of today's interest rate environment and a seven-year treasury paying 2.875%!

Risk #3: Market Timing/Downturns In terms of dividend-paying stocks, dividend pay outs are based on a percentage of the stock's price. As the stock market fluctuates, so does the yield from the stock. The stock dividend will go down dollar-wise if the market takes a down turn -- just when the dividend is most needed.

3. Purchase an annuity

The life annuity (not to be confused with the variable annuity) is designed by actuaries to pay interest and principal back to you over your lifetime. Essentially, you write an insurance company a check today and they pay you monthly, quarterly, or annually for the rest of your life (or the longer of your life and your spouse's). The benefits of this strategy include:

1. The amount the insurance company pays you is "fixed" and will not decrease if the stock market crashes or if interest rates fall.
2. Even if you outlive your life expectancy, the insurance company continues to pay you or your spouse for as long as you are alive.

However, as interest rates have been at historic lows for a number of years, annuity payment rates are also extremely low. This makes their internal rate of return (IRR) very poor. As with any insurance product, the strength of the insurance company is also a risk. Since you may want payments for decades in the future, only the strongest carriers should be considered.

Finally, the inflation risk to this technique also weakens its attractiveness. If inflation repeats itself like the early 1980s with the prime rate at 21% or even a reasonable 8%, then a 3% annual check from the annuity (not uncommon in today's market) is not as attractive. For these reasons, a life annuity can be part of a balanced cash income strategy, but it typically should not be heavily relied upon.

Case Study: Abby the Allergist

Abby is on the brink of retirement at 62. Abby has social security, a $1.2 million home near her four grandchildren, a 4% life annuity on a $500,000 policy, and an impressive 50/50 investment portfolio of stocks and bonds valued at $3 million that is a combination of her IRAs, 401(k)s and savings. Abby enjoys semi-annual vacations with her grandchildren but otherwise expects to easily live on $200,000 income per year during her retirement. She is in good health and, due to her family history, expects to live until the age of 90. Abby divorced many years ago and has no alimony liabilities. She has a long term care insurance policy that will pay her $10,000 annually. All is looking good for Abby's retirement.

Abby's practice was bought out two years ago, and she has decided to retire five years earlier than planned. She considers this a safe decision, as she has a paid-off home, an annuity, long term care insurance and a $3 million 50/50 stock/bond portfolio. Despite retiring earlier than anticipated, she has planned well and is better positioned than 99% of Americans at retirement.

Abby decides to keep her house to avoid selling at a loss. She forgoes a reversible mortgage because the "fees are outrageous." Current inflation is benign at 1.7%, which is a nice advantage. She has the cushion of long term care if needed. Abby is living within her $200,000 per year budget.

Abby meets her $200,000 annual cash needs by these income streams:

1. Social Security = $30,000.00
2. Annuity payments (4% of $500,000) = $20,000.00
3. Dividend payments from her 50% in stocks (2.00%) = $30,000.00
4. Interest payments from her 50% bond ladder of 1-10 years, Which has a blended yield of (3.00%) = $45,000.00
   Total in flows = $125,000.00

Abby's two largest drains on her annual income are:

1. Income tax ($50,000.00)
2. Property tax on her home ($30,000.00)
   Total out flows = (80,000.00)

Netting out the outflows from the income, leaves a shortfall of $155,000 of cash.

Abby will need to liquidate stocks and bonds in her investment portfolio to make up the shortfall of $155,000 for taxes and cash. Chances are very high she will have to liquidate some of her stock when the market is down due to normal stock market fluctuations. Consequently, Abby will have to sell even more stock to generate the appropriate amount of cash needed. Plus, there is a high probability that inflation will cause the price of her bonds to decrease as she liquidates them for cash.

Abby's investments will most likely **not** sustain her for the 28-year time horizon and her portfolio will be depleted before her death. Abby may very well experience the number one fear of retirees -- running out of money in retirement!

Can Abby modify her investment liquidation strategy so she will not outlive her income?

The Alternative Income solution can help Abby overcome this challenge. Instead of liquidating her portfolio of stocks and bonds for cash each year, Abby can add alternative cash income to her bond portfolio. By doing so, she will boost her income, provide an inflation hedge, and liquidate less of her stocks/bonds, allowing her portfolio to grow. An alternative income strategy will help extend the life of her investment portfolio so she will have investments for as long as she lives.

What is an Alternative Income Strategy?

"Traditional" investments are considered stocks, bonds, currency, or hard assets, such as real estate. An "alternative cash income strategy" is one that involves combinations of such assets to create a unique portfolio designed to generate cash income.

REIT – Based Alternative Income Strategy

One Alternative Income Strategy provides a diversified cash flow stream from hard assets that are in the form of an investment security called a Real Estate Investment Trust or REIT. The advantages of using REITs for forming a foundation of a cash-focused retirement strategy are:

1. According to the law, at least 90% of the cash flow streams generated from properties in the REITs must be passed to the owner/investor of the REIT.
2. REITs can be an inflation hedge; as inflation increases, the property rents usually increase as does the value of the property.
3. REITs typically offer a low correlation to the U.S. stock market, which means that REITs help decrease volatility.

A REIT-based Alternative Income Strategy basically works like this:

An investor buys into an REIT portfolio, which will generate about 6.5% income to supplement the money needed for expenses. Consequently, fewer securities are needed to be sold out of the retiree's portfolio, which should generate more growth in their investments. Adding REITs as an alternative income to a portfolio has the potential to augment conventional strategies by enhancing cash flows and extending the life of the retiree's investment portfolio.

Conclusion

Generating income throughout retirement is a significant challenge. Common techniques, including asset liquidating, bonds, dividend-paying stocks and life annuities, all have significant risks associated with them. Therefore, the use of alternative income techniques is often recommended to augment traditional techniques. Your financial needs are complex and the authors welcome your questions. You may contact them at (877) 656-4362 or through their website www.ojmgroup.com.

SPECIAL OFFER: For a free trial of the "Cash Income Calculator," please call (877) 656-4362.

Disclosure: This article contains general information that is not suitable for everyone. The information contained herein should not be construed as personalized investment advice. Past performance is no guarantee of future results. There is no guarantee that the views and opinions expressed in this newsletter will come to pass. Investing in the financial markets involves the potential for gains and the risk of losses and may not be suitable for all investors. Alternative investments may carry additional risks including a lack of liquidity which may make it difficult to sell off an investment after it is made. Information presented herein is subject to change without notice and should not be considered as a solicitation to buy or sell any security. For additional information about the OJM Group, including fees and services, send for our disclosure statement as set forth on Form ADV using the contact information herein. Please read the disclosure statement carefully before you invest or send money.

Smarter Accounts Receivable Management

Unpaid claims are a fact of life for many medical practices. Unfortunately, the longer patient bills remain uncollected, the less valuable the receivable becomes to the practice. Keeping the percentage of unpaid patient bills to a minimum should be a priority for all physicians.

Your practice can take a variety of steps toward greater profitability, including speeding up collections and minimizing the denial of claims. It should also focus on cleaning up and writing off old claims.

Develop Accurate Reporting Procedures
Your practice should have procedures in place that generate up-to-date information on the status of each outstanding account. Your accounting staff should have a report that includes the date each bill was sent, the current balance, and the number of days delinquent.

Using the information on that list, your staff should contact delinquent patients on a predetermined schedule. However, you should also consider sending out fewer notices before past due accounts are sent to a collection agency.

Require Payments Up Front
Whenever possible, have your front desk staff collect patient copays, deductibles, and prepays at the time of service. Make paying up front easier for patients by accepting debit and credit card -- and possibly even online -- payments.

Focus on Accurate Coding
Since coding errors are the source of most denied claims, training staff to focus on accuracy in coding should be a priority. In addition, the submission of "clean" claims within a certain number of days after a service is rendered should be a goal of your staff.

Review and Write Off Old Receivables
Review your accounts receivable. You'll probably discover that, for certain accounts, your practice loses money every time it generates statements, considering labor costs, postage costs, and envelopes. Write off accounts that are not worth pursuing because they are either too old or are for small amounts. And consider writing off other accounts that seemingly never will be paid because your office failed to send the bill in a timely manner or because the patient did not obtain the correct referral for the services your practice provided.

We can help your practice implement procedures that can reduce the number of uncollected bills. Please contact us for more information.

Health Care Commentaries is provided by Somerset's Health Care Team for our clients and other interested persons upon request. Since technical information is presented in generalized fashion, no final conclusion on these topics should be made without further review. For additional information on the issues discussed, please contact a member of our Health Care Team. This document is not intended or written to be used, and cannot be used, for the purpose of avoiding tax penalties that may be imposed on the taxpayer.

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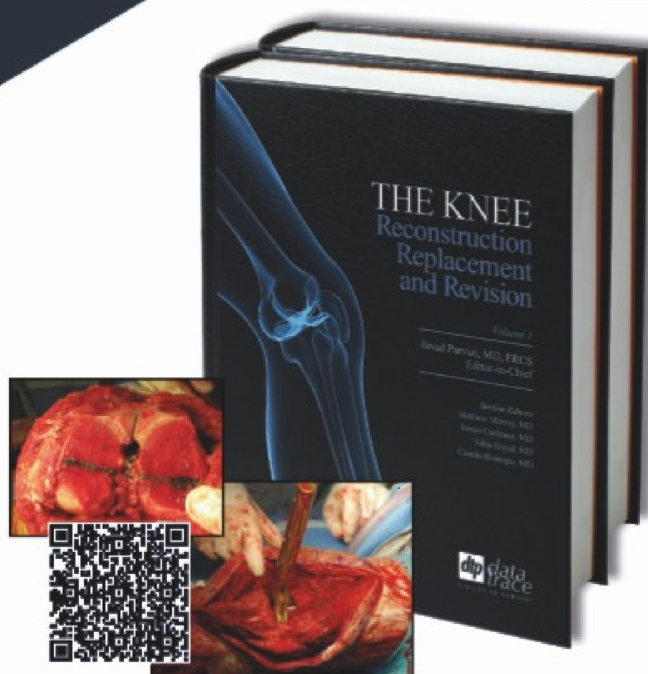

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