



Outsourcing turns HR nightmares into a dream

© Dreamstime.com

by **Lorin Berland, DDS**

During my 25 years in practice, I've learned a lot from the trials and tribulations of being both a dentist and small-business owner. Being self-employed and running a small business, obtaining medical insurance for me, my family, and loyal employees had become increasingly difficult and expensive. I first looked at PEOs (Professional Employer Organizations) because of alarming insurance rate increases. Now, thanks to my PEO, we have far better health insurance at a far better rate. But the best part is I'm still discovering that my PEO provides even more benefits and helpful services.

One of the best services provided by a PEO is regulatory support to minimize our risk as employers. Several years ago I went through some staff changes, and I spent a lot of money on an attorney. I must admit, I felt ripped off. I

went through some similar problems recently and the HR specialist at my PEO provided excellent advice. And it was free, or at least included as part of their overall HR support service. Not many of us budget for legal fees, so it's always nice to get great advice without the price.

My PEO offers a Human Resources Assessment. Its purpose is to determine the effectiveness of human resource functions and ensure regulatory compliance. There is a distinct advantage to having such an assessment conducted by an independent outside party. They have an unbiased personal relationship with my practice and employees, so it renders a more objective assessment.

The assessment of employment policies and practices is followed by a report that highlights areas of noncompliance and provides a bullet-point plan to resolve each one. My PEO also trains me and my manager to act in accordance with all federal and state laws and provides ongoing support to ensure that we make sound employment decisions. As dentists, we all know prevention is the best medicine.

It's almost impossible to stay current on dentistry and

For more on this topic, go to www.dentaleconomics.com and search using the following key words: *Professional Employer Organizations, human resources, Dr. Lorin Berland.*

Outsourcing turns HR nightmares into a dream

also the government's alphabet soup of labor, payroll, and tax laws: HIPAA, COBRA, ERISA, TITLE VII, ADEA, ADA, FLSA, EEO, FICA, FUTA, SUI, and OSHA. I am finally able to eliminate many of the personal liabilities inherent in running a business by transferring these nightmares to my PEO. The specialists stay current on the ever-changing governmental edicts that impact small-business owners like us, so we can focus on our jobs.

A PEO allows us to use our time effectively to do what we do best — dentistry. After all, that's how we generate revenue. PEOs work with dental practices in so many key areas. They can help stabilize operating costs and minimize the time spent on administration. By dealing with a single entity to provide essential multiple services such as workers' comp, employee benefits, taxes, payroll, and — most important — retirement, you gain the simplicity of a single point of contact. Thus, PEOs reduce the costs of lost opportunity by increasing your operating efficiency and capacity by allowing you, the dentist/owner, to spend more time focusing on improving the practice — and getting a good night's sleep.

In this challenging economic period, a PEO provides stability, reduction of liability, and access to comprehensive, cost-effective benefits packages for team members and principals. A PEO provides your team — and you — with options that are vastly more comprehensive than a typical dental practice can qualify for or afford. For example, the health insurance plan that I selected with my PEO would never be available to me as an individual practice. We now enjoy the benefits of a top-rated PPO at a very attractive rate by combining health coverage with a Health Savings Account (HSA).

HSAs provide tax advantages in three ways: ❶ contributions go into an account on a tax-free basis, ❷ earnings on contributions grow tax-free, and ❸ distributions from the account (as long as they are for qualified medical expenses) are paid out tax-free. Plan participants use a debit card to pay for medical expenses. My HSA plan pays annual exam/wellness benefits at 100% with no deductible. Contributions to the HSA may be paid by the employee, family member of the employee, the employer, or a combination of all three. Account balances roll over without limitation or penalty from year to year, and the accounts are completely portable. If employees leave, they take their HSA with them.

Superior health insurance is only the beginning of improved benefits for me and my employees. We now have the option of setting up individual retirement funds through Roth IRA accounts, which do not require employer contributions. I can choose to contribute to the employees' retirement program or not. This essential perk costs me nothing in money or time. My PEO manages the employee retirement accounts through their overall payroll, benefits, and tax compliance services. Competing practices

rarely offer 401(k) plans, so providing a retirement savings program gives me a competitive advantage for hiring and retaining top-notch employees. It sure shows I care about my employees, their future well-being, and a long-term relationship.

For me personally, the retirement plan options are tremendous. Now, as a high-level executive “employee of a C Corporation,” my PEO, Odyssey One Source, offers me the opportunity to put away up to \$100,000 per year of deferred compensation in a 409A plan. This perk is typically reserved for only the highest paid corporate executives working for very large employers. A nonqualified deferred compensation plan allows me, as an “employee,” to defer income until some future date or event. The tax savings is incredible. For example, a person who earns \$200,000 annually may elect to defer, say, \$50,000, thereby reducing his or her taxable income in the current year to \$150,000.

A good PEO is ideal for the typical dental practice of about 10 employees, including the doctor, though PEOs serve much larger organizations in almost all industries. There is an initial adjustment phase during the change-over, but if you've been around long enough like me, you remember when you first computerized and digitized your practice. Sure, your team could keep records manually and on film, but once you saw how much easier and efficient it was to use a computer and digitized images, you would never consider going back. The same is true for a PEO.

Dentistry is a people business. Our team members are everything. Hiring and keeping the right people can make or break your practice, and a PEO gives you the competitive edge when it comes to benefits packages that attract and retain the best people. More than 200,000 business owners nationwide are using PEOs and sleeping better as a result. Overall, PEOs have a retention rate of almost 90%. Of course, not all PEOs provide the same level of professionalism, protection, and support, so choose your PEO carefully. I compared several companies and thoroughly evaluated Odyssey One Source before selecting it as my PEO. Odyssey has been ranked No. 1 in the industry for the past three years. They have a clear understanding of my dental practice and all the options I will need to reach my future goals, including retirement and health care, and for all that, it's relatively inexpensive. Visit Odyssey One Source at www.odysseyonesource.com/dental. **DE**

Dr. Berland is a fellow of the American Academy of Cosmetic Dentistry, the cocreator of the Lorin Library Smile Style Guide, and the developer of www.denturewearers.com. Dr. Berland was honored by the American Academy of Cosmetic Dentistry with the 2008 Outstanding Contribution to the Art and Science of Cosmetic Dentistry Award. You may contact Dr. Berland by e-mail at drberland@dallasdentalspa.com.

