

Outsource to Increase Profits

How I Stopped Worrying About PPOs and Started Thinking About PEOs

by Dr. Lorin Berland

Fortunately, even in times like this, my practice continues to grow. I have been practicing for 25 years in the same building and in that time I've undergone three expansions. Why? Because I focus on patient care. After all, that's what keeps me in business. Unfortunately, business growth brings business challenges. Time spent running a business takes time away from building a practice. Yet, it's critical that a practice be well-run on the managerial front to prevent a loss in time and/or money due to a lapse of judgment or insufficient oversight. The solution for me to avoid time-zapping micro management is now to outsource all non-core administrative functions through a Professional Employer Organization (PEO).

PEOs work with dental practices in so many key areas. They can help stabilize operating costs and minimize time spent on administration. By dealing with a single entity to provide essential multiple services like Worker's Comp, insurance benefits, taxes, payroll and most important – retirement – you gain the simplicity of a single point of contact.

PEOs reduce the costs of lost opportunity. They allow you to use your time effectively to do what you and your team do best – dentistry. After all, that is what you are paid to do.

This will increase operating efficiency and therefore your capacity by allowing the dentist/owner to spend more time focusing on improving the practice. A PEO can also reduce the ever-increasing liabilities of being an employer.

In this unstable period, a PEO will provide access to comprehensive, cost effective benefits packages for team members and principals. In essence, the PEO acts as a remote HR and payroll department. So how exactly can a PEO help your practice? Topnotch employees expect and deserve substantial benefits packages. 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). While PEOs can benefit small to mid-range companies of all sizes, a good PEO is ideal for the typical dental practice, even a practice with less than 10 employees, including the Doctor. Does this sound like your practice?

HSA's are triple-tax-advantaged. Contributions go into an account on a tax-free basis, earnings on contributions grow tax-free, and distributions from the account (as long as they are for qualified medical expenses) are paid out tax-free. A Debit Card is used to pay for these expenses. My HSA plan pays Annual Exam/Wellness benefits at 100% with no deductible required. 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 from year to year. The accounts are completely portable, so when individuals terminate employment, they take their HSA with them.

In addition to superior, cost effective health insurance, my PEO provides excellent compliance, payroll, and HR administration services. Are you sure you satisfy the government's alphabet soup of labor, employment, compliance, payroll, tax and risk management laws: HIPPA, COBRA, ERISA, TITLE VII, ADEA, ADA, FLSA, EEO, FICA, FUTA, SUI, OSHA, MSDS and HAZMAT? I am finally able to eliminate many of the personal liabilities inherent in running a business nowadays by transferring these burdens to the PEO. For instance, Odyssey's HR professionals have helped me avoid any problems when I had to discharge a no longer wanted employee. And the specialists within the PEO stay current on the ever-changing governmental edicts that impact us business owners.

With a PEO, my employees now have the option of setting up their own individual retirement funds. This can really help you find, hire, and keep the right people. Dentistry is a people business, so our people make or break our practice. It costs me nothing – not in money or time. But it sure shows I care. Few practices offer 401(k) plans, so retirement savings are a competitive advantage and can be offered inexpensively through Roth IRA accounts, which do not require employer contributions. Best of all, my PEO manages the employee retirement accounts through their overall payroll, benefits, and tax compliance services.

One of the best benefits of my PEO is that 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. Does that get your attention? This perk is available almost exclusively to large employers and typically reserved for only the highest paid corporate executives. A nonqualified deferred

compensation plan allows me, as an "employee," to defer income until some future date or event. And the tax savings is tremendous. 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.

Like everything else, there is an initial adjustment phase during the changeover, but if you've been around long enough like me you remember when you first digitized and even computerized your practice. Sure, your team could keep records manually and on film, but once you saw how much easier and efficient it was by computer and digitized images, you would never consider going back.

These are a few of the reasons more than 200,000 business owners nationwide are using PEOs. The benefits are tremendous. What's amazing is the fact that PEOs have a retention rate of almost 90%. Of course, not all PEOs provide the same level of professionalism, protection, and support. Choose your PEO carefully to assure a good fit with your practice. Before I chose Odyssey One Source I had proposals from many of their competitors. I found Odyssey to have a clear understanding of my dental practice, all the options I will need to reach my future goals including retirement and health care, and for all that, it's relatively inexpensive. I think that's why it's been ranked #1 in the industry for the past two years. Visit them at: www.odysseeyonesource.com/dental

Dr. Lorin Berland is an internationally acclaimed cosmetic dentist and one of the most published authorities in the dental and general media. He is a Fellow of the AACD, the co-creator of the Lorin Library Smile Style Guide; the developer of www.denturewearers.com; the creator of "Biomimetic Same Day Inlay/Onlays," an 8 AGD Credit CD ROM and the founder of Berland Dental Arts, a multi-doctor specialty practice in the Dallas Arts District that pioneered the concept of spa dentistry. His unique approach to dentistry has been featured on television and publications such as 20/20, Time, Town & Country, US News & World Report, and more. He currently serves as the editor of the Cosmetic Dental Tribune. In 2008, The American Academy of Cosmetic Dentistry honored Dr. Berland with the Outstanding Contributions to the Art and Science of Cosmetic Dentistry Award.