Health & Retirement Services Of Illinois

January 2013 Newsletter

OUR NEWS LETTER

In Our Newsletter

Refinancing? Avoid these five blunders

Yahoo! Homes Contributor

By Ilyce R. Glink | Spaces – Fri, Nov 30, 2012

Mortgage rates have once again reached new lows, and there is money to be saved if you refinance your mortgage.

But just because interest rates hit a new record low, doesn't mean your refinance should be a snap decision. To make your refinance a home run, you'll need to avoid key mistakes that homeowners often make.

So before you jump on the refinancing bandwagon, do your research. Bypassing these refinancing mistakes will save you a lot of money — not to mention headaches — down the line.

Mistake #1: Paying too much in closing costs.

Closing costs vary depending on which lender you choose. If you're not careful, you could wind up spending more than you should. You don't have to stick with your current lender when you refinance your mortgage, so talk to a number of different lenders to make sure you get the best rate. Check out a big national bank, a mortgage broker, a smaller local or regional bank and a credit union. You should also check out online lending websites, but stick with bigger names to avoid getting scammed.

Mistake #2: Not understanding what makes a "home-run refinance."

Just because you're able to refinance doesn't mean you should. To be sure it's the best move you can make, consider whether your refinance does at least two of the following: lowers your interest rate, lowers your monthly payment or shortens the loan term. If you're able to do at least two of these with your refinance, it's probably worth it. And if it's doing all three, plus managing your closing costs, you could be looking at what I call a home-run refinance.

Mistake #3: Being afraid of a shorter loan term.

You're in a 30-year loan term now, but that doesn't mean you need to lock in your next loan for another 30 years. This is especially true if you've already paid off seven or eight years of your loan, since stretching the new loan out over 30 years will actually cost you more money. Instead, consider a 15-year loan or even a 10-year fixed-rate loan. While the shorter term might seem scary, and it could even boost your monthly payments slightly, you could wind up saving yourself thousands of dollars in interest and mortgage payments over the life of the loan.

Mistake #4: Ignoring prepayment penalties.

Prepayment penalties are due when you pay off your loan in a shorter time period than the one stipulated by your lender. Since refinancing pays off your first loan and rolls you into a new one, you could incur prepayment penalties on your original loan upon refinancing. Be sure to read the terms of your loan and call your lender if you have any questions.

Also, while they are extremely uncommon today because most new mortgages are backed by Fannie Mae, Freddie Mac and the Federal Housing Administration (FHA), ask if there are any prepayment penalties in the new loan you're considering. If you lock into a new 30-year loan assuming you'll pay it off in 10 years, you may end up owing the lender more in prepayment penalties than you saved in the refinance. In this case, you're better off going with a shorter loan term.

Mistake #5: Re-re-re-refinancing.

It's great to take advantage of low interest rates with a refinance, and it's possible that today's low rates could go even lower. But that doesn't mean you should refinance every time rates drop. Instead, when rates are lower than the one you're currently locked into, calculate how long it will take you to benefit from the savings and refinance when it makes sense for you. You'll incur more in closing costs than savings if you refinance countless times over the life of your loan, so lock into a rate you're comfortable with and start paying it down.

Remember, mortgage interest rates are at 50-year lows. If you wait to refinance thinking that you'll get a better deal next year, you might be surprised to see interest rates move off of their lows and start climbing in the wrong direction.

How to Write the Perfect Resume

BUSINESS INSIDER *By Vivian Giang and Melissa Stanger | Business Insider – Fri, Nov 30*

It takes recruiters an average of "six seconds before they make the initial 'fit or no fit' decision" on candidates based on resumes, according to research conducted by TheLadders. With this kind of competition, you need to have a flawless resume to get through the screening process.

We write a lot about resumes — what to do, what not to do — so now we're introducing a guide to crafting a curriculum vitae that will get you into the interview room. However, these rules are general advice we compiled from career experts. Everyone should tailor their own resume depending on the industry they're in and the position they're applying for.

Tailor your resume to the specific position you're applying for.

elizabethdaniellephotos / statigr.amYou're basically selling yourself on that piece of paper, so mold the information to reflect what your potential employer is looking for in an ideal job candidate. This is different depending on your industry.

Miriam Salpeter advises in U.S.News& World Report that candidates should study the company's web site and "look for repeated words and phrases, taglines, and hints about their philosophical approaches."

Then, "mirror some of their language and values in your resume."

Put your name and contact info at the top.

Andrea Smith, B.Sc. 212-299-9999

45 10th St., Apt. 5 [illegible], NY asmith@gmail.com

OBJECTIVE

To seek a high-level position utilizing my eight years of experience managing business operations for high-growth companies and creating top-line revenue growth and bottom-line profitability.

PROFESSIONAL EXPERIENCE

INDEPENDENT BUSINESS DEVELOPMENT CONSULTANT | NBC COMPANY
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Business InsiderThis sounds simple, but Peter S. Herzog, author of the book "How To Prolong Your Job Search: A Humorous Guide to the Pitfalls of Resume Writing," says that applicants will try putting this important information on the side or bottom.

This is how it should be done:
1. Put your name in bold face and/or regular caps.
2. Include your full address and home, work (optional) and/or cell phone numbers and your email address but do not bold these.

Decide if you want to include an objective.

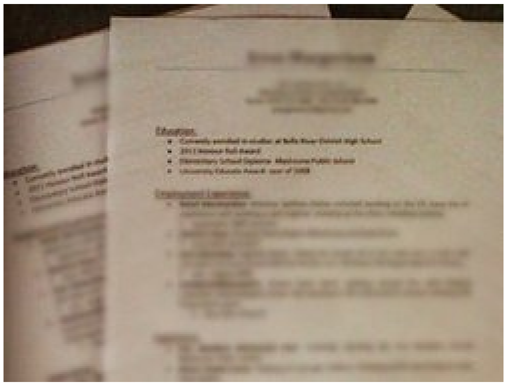
Business InsiderWe've heard experts go both ways on this, so you need to decide for yourself if you want to include an objective.

Peri Hansen, a principal with a recruiting firm, tells Penelope Patsuris at Forbes that an objective is "the fastest way to pigeon-hole yourself" and if you "specify 'Asset Manager' you may not even be considered for 'Financial Planner.'"

On the other hand, Alex Douzet, CEO of TheLadders, tells us that everyone should include an objective and compare it to a "30-second elevator pitch" where you should "explain who you are and what you're looking for."

The bottom line is to only include an objective if it's not generic.

The length of your resume should reflect years of experience.

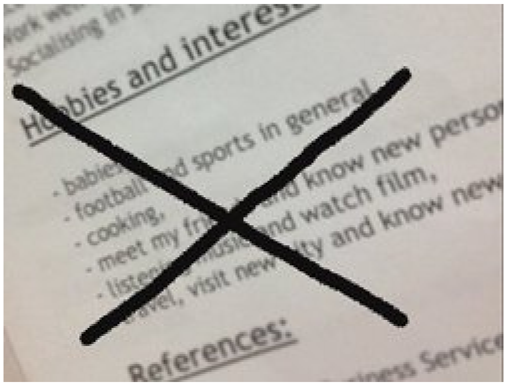


margerison/statigr.amThis might be difficult if you've had a lot of experience and you're proud of all of it. But this doesn't mean it's necessarily relevant. Cut it down.

If you're in your twenties, your resume should only be one page — there's not enough experience to justify a second one, Alison Green writes in U.S.News& World Report.

However, if you've had more than 10 years of experience, you can add a second page, Douzet tells us.

Don't list your hobbies.



lorenjade_/statigr.amHiring managers only care about what you can do for the company, so if you can't connect your hobbies to the job you're applying for then leave them off your resume. If your extracurricular activities are relevant, you can include them at the bottom.

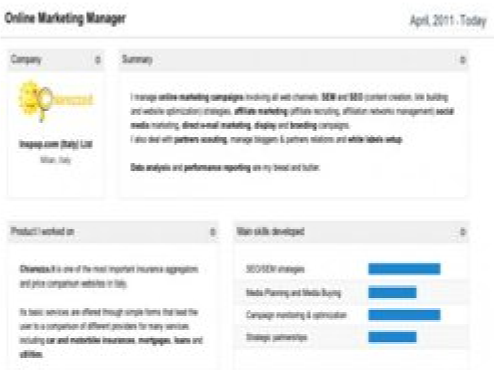
"I don't really care what kind of a person you are," Paul Ray Jr., CEO of recruiting firm Ray &Berndtson, tells Penelope Patsuris at Forbes. "I want to know what you can do for me."

Don't list your references.

aggressivebull/statigr.amIf your prospective employer wants to speak to your references, they'll ask you. Also, it's better if you have a chance to tell your references ahead of time that a future employer might be calling.

Alison Green writes at U.S.News& World Report: "Unless the company has specifically asked for something other than a cover letter and resume, don't send it. Sometimes candidates include unsolicited writing samples, letters of recommendation, transcripts, and so forth. In most cases, sending these extras without being asked won't help you, and in some cases it can actually hurt."

Create your own CV template.



Simone Fortunini's resume. (Simone Fortunini)The pre-made resume templates offered on word processing programs like Microsoft Word just scream "template," Jacqui Barrett-Poindexter writes in Glassdoor. You can use those templates as a guide, but create your own final copy.

Furthermore, you should always stick to a format that's appropriate in your industry.

Simone Fortunini was an online marketing manager when he decided to create a resume in the form of an interactive web site resembling a Google Analytics page.

Fortunini tells us that since his work experience stems from online marketing and advertising campaigns, Google Analytics is a basic tool that those in his industry work with, and he wanted to create a resume illustrating his understanding in online marketing, graphic design abilities and HTML skills.

Use plenty of white space to draw the reader’s eye to specific items.


Andrea Smith, B.Sc.

45 10th St., Apt. 5 New York, NY

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VOLUNTEER TEACHER | DUVAL CENTER

2006 - 2007 | New York, NY

- Tutored in English as a second language in classrooms of 15.

Business InsiderDon't include so much information that it gets distracting.

"Make it pleasing to the eye, and balanced with bullets, italics and bold font," Roxanne Peplow, career advisor at Computer Systems Institute, tells us. "Have your name stand out in bigger and bold letters ... bullet point your accomplishments. Too many words on a page are exhausting to read."

Use the right keywords.

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Business InsiderPeplow says that "you must put some of the keywords from the job posting into your resume, or it will probably never be seen by human eyes."

This is because a lot of companies use online recruitment tools to sift through resumes, writes Lauren Weber in The Wall Street Journal.

Barbara Safani of CareerSolvers suggests using LinkedIn's skills section to find the keywords that would most likely be used in a company's search query database. To do this, click on the "More" tab in your LinkedIn profile and enter a type of skill or description into the search box. This will result in a list of related skills popping up, which you can use as keywords on your resume.

Only include relevant work experience.

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Business InsiderKeep your resume focused and don't include every single job you've ever had.

Eve Tahmincioglu at MSNBC writes: "In this economy, there’s a good chance a long-term job seeker has a part-time job (or jobs) under his or her belt just to make ends meet. But that doesn’t mean you should include every burger flipping, or retail-selling job you’ve had. Putting too many of those jobs on your resume, especially if they have nothing to do with the job you want, can hurt your chances of landing a new position."

“Resumes are a summary of the most important data,” Debra Feldman, a job search expert, tells Tahmincioglu. “In my opinion, a part-time job just to pay the bills would not fall into that category."

Peplow tells us that even if you have minimal work experience, this doesn’t mean that you have nothing to offer. Highlight your transferable skills, which are the ones that you can use from one job to the next —

regardless of the position.

Use bullet points to list responsibilities and accomplishments.

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Business InsiderUnder each job or experience you've had, list your responsibilities and accomplishments in no more than three to five bullet points, writes Jasper Anson in AskMen.

And don't use full sentences.

Liz Wolgemuth at U.S.News& World Report writes: "[Compare] the process to flipping through a jumbo-size magazine. Readers don't spend a lot of time on each page. Full sentences are, quite simply, too time consuming in today's hiring world."

Put a number to your accomplishments.

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Business InsiderYour resume is for experience and accomplishments only. It's not the place for subjective traits, like "great leadership skills" or "creative innovator, says Alison Green in U.S.News& World Report.

You should always try to quantify your accomplishments.

Suzanne Lucas at CBS Moneywatch writes: "Some departments have 1 person, and some have 350. Quantify yours. "Managed a department of 12 analysts" is a lot stronger than "Managed a department." Did you have budget responsibilities? "Managed a $2.3 Million budget" is very different from "Managed a $75,000 budget." How many clients did you juggle? 1, 2, 25? Quantify."

If you can't put a number on what you've done, try linking the impact of your projects to the company's "point of sales." For example, if you were in charge of creating a marketing campaign on Facebook, show that you were able to reach the company's target market without having to spend the money that is usually spent on advertising.

"Basically, if you can't prove that you have sales, you can prove that you saved the company money by reducing marketing expenses," Roderick Lewis, international relations director, ISCTE Business School, University Institute of Lisbon, tells us.

Keep information about your education as short as possible.

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EDUCATION

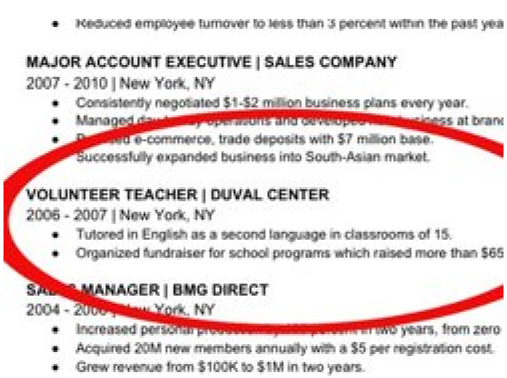
NEW YORK UNIVERSITY | Stern School of Business
Bachelor of Science , Marketing, 2004

Business InsiderInclude only relevant education information: the name of your college, your degree, and the year you graduated.

Susan Adams writes in Forbes that experienced workers should include their education at the end of their resumes. If you're a new graduate, you should consider including a list of course work that's relevant to the position you're applying for.

And don't even think about listing your high school education and activities — unless you're under 20 and "have no education or training beyond high school," according to Tracy Burns-Martin's book "Before and After Resumes."

Use a chronological resume format.



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Business InsiderThe chronological resume — which is really reverse-chronological — is the format most often used. On the other hand, a functional resume doesn't include a chronological job history, but instead focuses on skills and abilities.

"Many hiring managers, me included, hate [functional resumes]," Alison Green writes in her blog "Ask A

Manager." She says: "Generally, the first thing I think when I see them is, 'What is this candidate trying to hide?' That’s because people tend to use functional resumes when they’re trying to hide an employment gap, or job-hopping, or outdated skills (because it matters if your Web design experience is from 10 years ago or one year ago), or other things I’d rather know about. And if I do remain interested in the candidate, the first thing I’m going to do when I talk to them is ask them to walk me through their job history, with dates — and it’s going to annoy me that I have to, and if I have other good candidates I may not even bother."

If you've been unemployed for a while and you're afraid a chronological resume format will work against you, include any volunteer work you did during this gap and use it as an asset, writes Burns-Martin in her book.

Don't reveal everything.

The goal of the resume is to get you an interview with the company.

Therefore, you shouldn't reveal everything about yourself in the resume — just enough to get the hiring manager's attention, Peplow tells us.

Pitfalls of Medicaid, long-term care planning

Christine Dugas, USA TODAY

Registered nurse Susan Eager, right, checks the breathing of patient Lora De Cock, 88, during a house call in Denver.(Photo: John Moore, Getty Images)

Story Highlights

- To qualify for Medicaid, affluent Americans lose financial control

4:41PM EST December 9. 2012 - Health care costs continue to be a top retirement concern, yet few Americans know about their options and the potential pitfalls.

Instead, there are many misconceptions about long-term care.

A case in point: Currently about 42% of financial advisers say their clients are considering giving away their assets to their children so they can qualify for Medicaid and avoid paying for a nursing home, according to a survey of financial advisers by Nationwide Financial released Friday.

"Medicaid was created to help low-income Americans and not to supplement middle-class and affluent families," says John Carter, president of distribution and sales for National Financial.

It's not against the law to give away assets to qualify for Medicaid, and Carter says there are some circumstances when such steps are appropriate.

But many Americans do not understand the consequences of relying on Medicaid such as the fact they will be giving up control of their long-term care planning. That flies in the face of another finding of the Nationwide Financial survey: Many clients tell their advisers that maintaining control is the most important aspect of retirement health care planning.

"I always tell parents that if you give the money to your kids you have to understand that you are irrevocably parting with it and you may never see it again," says K. Gabriel Heiser, an elder law attorney and author of *How to Protect Your Family's Assets From Devastating Nursing Home Cost: Medicaid Secrets*.

And they must comply with Medicaid rules. For example, the nursing home they would like to stay in may not accept Medicaid patients. Although Medicaid programs vary by state, few will pay for home health care. And a third of doctors do not accept Medicaid patients, according to an August study by Health Affairs.

Married couples need to know that Medicaid rules provide some protection to the spouse who is healthy and still at home while their partner is in a nursing home. Among other things, they can keep a certain amount of money and their home. But it's a modest amount and may not provide them the lifestyle they expect, Carter says.

Options besides giving away assets to qualify for Medicaid include:

• **Paying your own way.** Wealthy people who want to retain control of their finances may decide to foot the bill themselves. Experts say that if someone has several million dollars in assets, they can afford to pay for nursing home care given that the average stay is less than three years.

"If you've got the money to pay for it, then that's where it should go," says Jim Miller, the Savvy Senior syndicated columnist. "If not, they are using the system to protect their money, pass it on to their kids, and then the taxpayers pick up the cost."

• **Buying long-term care insurance.** These plans often provide other options, such as home health care. The one drawback of this is somebody might put a lot of their savings into something that they may never need.

However, some insurance companies can add a long-term care insurance rider to life insurance policies. Then if the policyholder never needs long-term care they still can provide income to their heirs.

• **Set up a trust.** Those who want to protect their assets also can consider setting up an irrevocable trust instead of giving money to their children. And there are some irrevocable Medicaid annuities that provide an income stream.

Long-term care planning is clearly complicated and it's not easy to find the best option. Although Heiser's book helps consumers understand the rules, even he says that "it is definitely not a do-it-yourself project."

Fake medical providers slip through Medicare loophole

By M.B. PELL | The Atlanta Journal-Constitution

ATLANTA - Dorsey Med Group is conveniently located for patients near Atlanta's Buckhead district who are looking for a good internist. On paper, the clinic is headed by a respected physician with 39 years of experience.

Patients might be a little put off by its size, though.

The medical office could easily hold a box of sterilized latex gloves, but not much more.

It's located at 2625 Piedmont Road Northeast, Suite 56-331 - a UPS Store mailbox.

And the doctor who is the clinic's namesake didn't know he was the CEO, as federal records show. He certainly never made the 192-mile drive from his Albany practice to Buckhead to see patients or review medical records.

Federal officials probably should have grown suspicious two years ago when someone using the name Olga Teplukhina incorporated the fictitious medical practice, applied for a National Provider Identification number and claimed a UPS mailbox as the practice location.

Then again, the box is the largest size UPS offers.

"So have they been billing stuff?" Dr. Harry Dorsey asked when the Atlanta Journal-Constitution told him the suspicious provider number was still active. "That's identity fraud, and that really ticks me off."

For years, officials at the agency that administers Medicare have known that fraudsters sign up as health care providers using UPS Store mailboxes and other post office box like addresses as their location. But the Centers for Medicare and Medicaid Services says it lacks the technology to identify these locations because they look like legitimate street addresses, not like the easily identified post office box addresses.

CMS doesn't even stop providers from using post office boxes, though. They know they should and they know it's simple, but the agency still has in its system nearly 300 providers nationwide using post office boxes as their location, according to an AJC analysis of the CMS provider registry.

So when will CMS be able to flag the providers using UPS Store addresses and boot any scammers? The agency says it has no timeline.

CMS officials insist they don't need to hurry because anyone trying to rip off a federal health care program would first need to enroll in the Medicare billing system. That process should - probably, hopefully - snag anyone using a UPS Store as a practice location because it involves a more stringent review.

Don't tell that to Ryan Stumphauzer, a former federal prosecutor in the Southern District of Florida who specialized in health care fraud.

"They've got a fake NPI, they've got a fake address, but they're not concerned yet?" he asked.

"That's like seeing a man pacing back and forth in front of a bank with a mask on and he has something tucked under his shirt, but you don't do anything because he hasn't gone into the bank yet," Stumphauzer said. "Not addressing these problems up front is what costs the system $60 billion each year."

Even if the phony health care provider doesn't bill Medicare directly, the government is left vulnerable to other fraud schemes, said Malcolm Sparrow, a professor of public management at Harvard's Kennedy School of Government.

Using a sham provider number and a UPS Store address, a scam artist can provide what looks like a real physician's approval for unnecessary or non-existent medical services and equipment for a company that is registered to bill Medicare.

Should CMS ask the doctor if the services or equipment were necessary, the agency's inquiry goes to the UPS Store mailbox. The fraudster then assures the agency of the need.

While CMS officials say they can't find these fake medical providers, identifying them is not hard.

The AJC used an inexpensive software program and a list of UPS Store addresses found on the Internet. That turned up 131 CMS-registered medical providers across metro Atlanta claiming a UPS Store as their practice location.

Most likely filled out their paperwork incorrectly and are not committing fraud. Some were already under investigation, while others have been identified as fronts for fraud schemes and the perpetrators prosecuted and convicted.

But several physicians said they were stunned when the AJC told them a provider number was created using their name.

And two dozen of the 131 identified by the AJC are now under review by a federal contractor after the newspaper brought its findings to the attention of the U.S. Department of Health & Human Services Office of the Inspector General.

"If one company is defrauding the Medicare trust fund, that's one too many," said Kelly McCoy, assistant special agent in charge of the watchdog agency in Atlanta. "This agency will diligently pursue any evidence of fraud."

Accurate estimates of the cost of health care fraud do not exist, Sparrow said. But he told the U.S. Senate in 2009 that fraud could siphon off $100 billion to $500 billion a year.

The cost is borne by federal taxpayers who support Medicare, state taxpayers who support Medicaid and customers of private insurance companies.

Estimating the cost of specific fraud schemes, like a scam using UPS boxes, is even trickier. But the scheme can be lucrative.

More Than Ready Company, located at a UPS store on Peachtree Industrial Boulevard in Atlanta, was among a number of companies that billed Medicare for fraudulent injections of medication. The provider billed Medicare for $1.2 million. Eventually, several people were convicted of health care fraud as a result.

More Than Ready Company still has an active provider number, however. CMS says that's because even companies that used to commit health care fraud can still render services for private health insurance plans.

These suspicious organizations sprout up across the country. Outside of Atlanta, in spot checks the AJC identified potentially fraudulent providers in Louisiana, Florida, Kentucky, Ohio, Texas and Massachusetts.

Two years ago, a man calling himself DulatAdilshin created IEDM Services Inc. The supposed obstetrics and gynecology office was located in a UPS Box Store mailbox in Baton Rouge.

According to CMS records, Dr. Edan Moran is the CEO. Moran is an obstetrician, but his practice is in Alexandria, La., more than 100 miles from the UPS Store in Baton Rouge.

Moran said he does not know Adilshin and he does not know IEDM Services.

"Knowing that someone's abusing the system using my information while I'm delivering a baby at 2 o'clock in the morning, yeah, that's aggravating," Moran said.

Adilshin also created a family medical practice called JPT Group Inc. It's located in a UPS Store in Metairie, La. The same day he incorporated Oak Hill Health Services at a UPS Store in Baton Rouge.

In Florida, Adilshin incorporated Mona Med Group and Fortal Tech Corp. In South Carolina, he started Saluda Care Group, Inc. and Newberry Tech Corp.

And in 2010, Adilshin incorporated Meadows Med Group Inc. in Georgia.

The fictitious family-medical practice is located in a UPS Store mailbox on Hugh Howell Road in Tucker, according to CMS. Agency records list Dr. David Derrer, a family physician at Georgia Highlands Medical Services in Atlanta, as the CEO.

But Derrer said he never heard of Meadows Med Group or Adilshin before receiving a phone call from the AJC. An extensive background search by the AJC could not find any record of Adilshin in the United States.

"The worrisome thing is that they're using this information," Derrer said. "They might be able to write prescriptions or other weird things like that."

It's troubling to Stumphauzer as well.

"As a former prosecutor, what you're seeing are the ripening components of a fraud scheme," he said. "To me, I can't imagine any reason to obtain a NPI, hijack a doctor's name and use a UPS box as a practice location unless you intend to commit fraud."

Derrer and Moran said they are working on having the phony provider numbers in their names canceled.

Dorsey said he canceled the fake provider number in his name last month. It was a frustrating process. It took two weeks to convince CMS to cancel it.

Obtaining a fake provider number is much less difficult than canceling one. Scam artists can find almost all the information they need from a state medical licensing website. After that, they fill out a short application on the CMS website.

That's it.

CMS officials wouldn't discuss this issue on the record, but they said they know there are loopholes in the system.

"Over the last several years we have stepped up our efforts to fight Medicare fraud and we are continuing our work to crack down on anyone who tries to steal from seniors and taxpayers," CMS officials said in a prepared statement.

They will face pressure to do so.

CMS should address the vulnerabilities identified by the AJC right away, said Sen. Tom Carper, D-Del., the chairman of the Senate subcommittee on Federal Financial Management, in a statement to the AJC.

"Medicare officials should lay out specific steps to ensure that Medicare providers are delivering legitimate health care services and not simply setting up a post office box to help them collect federal reimbursements for care they haven't provided," Carper said. "I will follow up with Medicare officials to make certain that they are doing everything in their power to ensure that taxpayer funds are being spent properly."

Once the fake providers are in the system, their schemes are difficult to spot. And they are even more difficult to stop.

Michel De Jesus Huarte and his associates billed Medicare for $61 million in fraudulent services by the time he was caught, according to the U.S Attorney's Office for the Southern District of Florida.

Huarte opened 29 clinics in Florida, Georgia, Louisiana, North Carolina and South Carolina, many in abandoned store fronts and others in UPS Store mailboxes. He paid straw owners up to $200,000 to incorporate the clinics and then flee the country if law enforcement found them.

In Atlanta, Huarte's Elusive Quality, located at a UPS Store on Peachtree Street, billed Medicare for $3.5 million. Another clinic, Strong Hope Company, located at a UPS Store mailbox on Roswell Road, billed Medicare for $2 million. Both still have active CMS provider numbers.

He used stolen insurance numbers from Medicare-eligible patients, obtaining them from employees of a call center that signed people up for Medicare services.

The criminal organization either bribed doctors for their billing information or, if that didn't work, they stole it. Huarte and his associates hired doctors to serve as a medical director for clinics. If a doctor became suspicious and left, Huarte kept using their billing information.

Even when law enforcement officials uncovered one of his phony companies, Huarte could easily abandon it and incorporate a new clinic at another UPS Store mailbox. Then he started billing again.

"They hit us and then they're gone," McCoy said.

Federal officials call this kind of enforcement a pay and chase system. Medicare pays out millions of dollars in fraudulent claims. Law enforcement then chases down the bad guys.

But at that point, the money is gone. Most is never recovered.

CMS could avoid cutting checks to these fraudsters by enforcing an already existing regulation.

The agency's own rules require doctors authorizing treatment or medical equipment to enroll to bill Medicare. This means the doctor is supposed to pass through an additional level of scrutiny that should uncover providers using a UPS Store as a practice location.

But in practice, CMS pays out claims authorized by doctors who do not undergo the heightened scrutiny. Instead of denying the claim, the agency sends the medical provider a letter warning that future claims missing the proper billing number could be rejected someday.

CMS does not enforce the regulation because Medicare receives so many claims without the proper registration numbers that rejecting those claims would cause a shock to the system, CMS officials said. Most of these claims are assumed to come from legitimate providers who failed to fill out the paper work correctly.

Agency officials would not say when or if they plan to enforce the regulation.

CMS has made a push over the last four years to halt fraud. In 2010, the agency investigated 823 providers that were enrolled to bill Medicare and claimed a UPS Store mailbox as a practice location. As a result, 134 providers were kicked out of Medicare.

Yet, some fraud experts are skeptical that CMS ever plans to address the problems that still exist. They say CMS is scared additional regulations will drive legitimate providers out of the system.

CMS officials say they will try to close the loopholes in the system - once they have a comprehensive, automated screening process in place.

Meanwhile, Dr. Douglas Boyce could wait a long time before CMS cancels the provider number for White Pillar Care Inc. The Louisville doctor is listed as its CEO.

His office manager, Jan Minter, said CMS told her a couple of years ago that the company was billing Medicare using Boyce's credentials.

"That's amazing. I'm actually dumbfounded that he's still listed as the CEO," Minter said. "The government knows about this and they still have him listed? Wouldn't you think they would have taken his name out and stopped using that number?"

The Atlanta Journal-Constitution identified dozens of suspect medical providers registered with the federal government using a drop box as their office location. But it's not clear how much, if anything, the government paid these organizations.

The Centers for Medicare and Medicaid Services would not release billing data showing what services they billed the government for and how much money they received.

CMS officials told the AJC that the information is not public, even though the Medicare and Medicaid programs are funded by taxpayers.

That stance has drawn criticism from government transparency advocates.

"In order for the public and the media to monitor how an agency performs, we have to have access to a fair amount of detail about the money they're paying out," said Peter Smith, Freedom of Information counselor with the Center for Public Integrity.

Critics point out that CMS sells the billing data to medical schools and other organizations that pay tens of thousands of dollars for it.

CMS also provided the Center for Public Integrity and The Wall Street Journal with Medicare billing data to settle a Freedom of Information lawsuit over the access issue. The two news organizations paid a fraction of the normal cost.

Had the issue gone to court and CMS lost, the information would be open to anyone who files a Freedom of Information Act request.

Getting ready for the Medicare tax on investment income

Sun, Dec 2 2012
By Amy Feldman
NEW YORK | Tue Dec 4, 2012

(Reuters) - There are few certainties for year-end tax planning this year, but if you're a wealthy investor there is one sure thing — the new Medicare tax, slated to begin in 2013.

Part of the 2010 health care reform law, it is a 3.8 percent tax on investment income for individuals with adjusted gross income above $200,000, or $250,000 for married couples filing jointly. The same high-income taxpayers will also face an additional Medicare tax of 0.9 percent on wages and self-employment income, on top of the Medicare tax they currently pay.

"This is very real," says Robert Keebler, a partner at Keebler & Associates, a tax and estate planning firm in Green Bay, Wisconsin, who recently wrote a book on the Medicare tax for tax research firm CCH. "People are still in denial, but this is starting to change."

Workers already pay 1.45 percent of their pay in Medicare taxes. Employers also pay 1.45 percent, but won't be required to pay half of the new 0.9 percent additional tax.

The new Medicare tax is structured as a surcharge on net investment income including capital gains, dividends, interest, royalties, partnerships and trusts. The tax does not apply to tax-exempt income, such as interest from municipal bonds, or distributions from retirement plans. The rules are complex; on Monday the Internal Revenue Service issued a 159-page proposed rule designed to clarify the tax (here).

Depending on how much you make from wages and investments, the surcharge could apply to all of your investment income or only to part of it.

To understand how the tax works consider two examples, included in a Wells Fargo Advisors explainer on the issue. Couple A has wages of $230,000 and capital gains of $30,000, for a total of $260,000; they're $10,000 over the threshold, so would owe 3.8 percent of that excess, or $380, for the Medicare tax. Couple B has wages of $350,000 and investment income of $35,000; they would owe 0.9 percent on the $100,000 in wages over the threshold (or $900), plus 3.8 percent on their investment income (or $1,330), for a total of $2,230.

These new Medicare taxes, coupled with the slated expiration of the George W. Bush-era tax cuts at the end of this year, have accountants and tax advisers preparing for a flurry of activity from their wealthy clientele.

For high earners, the combination of the Medicare tax and an expected higher capital gains rate could result in an effective long-term capital gains rate of 23.8 percent, versus today's low rate of 15 percent.

If you're lucky enough to be above the threshold, here's how to think about your planning over the next few weeks.

TAKING TAXABLE GAINS

If you expect to be above the Medicare tax threshold and think your capital-gains rate will be higher in 2013, that turns traditional tax-loss harvesting on its head. Instead of the typical strategy of taking capital losses at year-end, you'll want to take gains and defer losses -- you can lock in the gains at 15 percent this year, versus potentially paying 23.8 percent next year.

If you have stocks with substantial gains in your taxable portfolio, you could even choose to lock in the 15 percent tax on those gains, then buy back the same stock over the coming months in order to reset your cost basis for tax purposes before rates go up. (The so-called wash sale rule, which prohibits immediately buying the same shares back when you take a loss, doesn't apply to gains.) Ideally, you'll want to pay for the tax outside of the investment you sold so as to keep the amount invested the same.

TRUSTS COULD PAY MORE

Medicare surcharge strategies get more complex for those who have trusts. Trusts are subject to the Medicare tax on the lesser of their undistributed net investment income for the year or the excess of their adjusted gross income over a threshold, currently $11,650. The result is that most trusts — with the exception of charitable trusts, which are exempt — will be affected by the new Medicare tax.

"The threshold is very low on trusts," says Ron Finkelstein, a tax partner at Marcum LLP in Melville, N.Y. "The threshold for trusts is much lower than for individuals."

One possible strategy for trusts: They may be able to reduce or eliminate the Medicare tax by distributing income to beneficiaries — especially if those recipients have income levels that put them below the cut-off for the Medicare tax.

INTRA-FAMILY LOANS GET COSTLIER

Interest payments on intra-family loans, which have been quite popular among affluent families at a time of low rates, could also be subject to the Medicare tax for those receiving the loan repayment. That means that those parents who have used intra-family loans to help their kids without paying gift taxes may want to revisit those arrangements.

"Things that people have done in the past that were revenue-neutral, like intra-family loans, no longer are," says Paul Gevertzman, a tax partner at accounting firm Anchin, Block &Anchin, in New York. "What was a good plan two years ago isn't a good plan now. So either you want to undo it or lower the interest rate to the lowest allowable amount."

A BOON TO INSURANCE

Increasing taxes on investments could prove a boon to insurance sales. That's because investment income that accrues within insurance products isn't subject to the same taxes — and death benefits are never taxed, Keebler says. While he's advising his clients to wait until the final regulations on the Medicare tax come out, he figures that insurance will be a good option for at least some of them.

Then again, when making investments, tax should always be a secondary reason for deciding what to do. As Anchin, Block &Anchin partner Laurence Feibel puts it: "Warren Buffett is right. No one chooses not to invest because the tax rate is 50 percent. That's the reality."

(The writer is a Reuters columnist. The opinions expressed are her own.)

MORTGAGE INTEREST DEDUCTION FACES CHANGES

Lawrence and Lynn Tang with their sons Alex, left, and Kyle are seen at their rented home in San Gabriel. The couple own a house in West Covina and are looking to buy a house in San Gabriel, but Lawrence Tang said the proposed changes to mortgage deduction rules "wouldprettmuch price us out of that market and push us back to the sideline." (Christina House, Los Angeles Times / December 10, 2012)

By Jim Puzzanghera, Los Angeles Times *December 10, 2012*

WASHINGTON — At 70, Frank White isn't a typical first-time home buyer. But a key reason he ditched his Altadena apartment and bought a three-bedroom house in nearby Pasadena has been common for decades: He wanted the tax break.

"I pay very high taxes, and I have no deductions," said White, who owns an apartment rental business with his two brothers. Now, after purchasing the $500,000 home in November, he's looking forward to writing off the interest on his 30-year mortgage.

But the longtime tax break could face major changes as Washington policymakers search for ways to reduce the deficit as part of the debate on the so-called fiscal cliff. And that's sending shivers through home buyers such as White and much of the housing industry.

"My deductions are important to me, what few I have," White said. "We need to go after the corporations that don't pay a … cent. Let's go after those guys first. But leave me alone."

The home mortgage interest deduction is one of the most cherished in the U.S. tax code. It's also one of the most expensive, estimated to cost the federal government $100 billion this fiscal year.

Primer: Understanding the fiscal cliff

For that reason, the deduction taken on income tax returns is expected to be on the table in Washington's search for more money to reduce the budget deficit and resolve the fiscal cliff.

But the specter of scaling back the tax break, particularly with the housing market still trying to recover from the collapse of the subprime mortgage bubble, is raising alarms among homeowners, Realtors and home builders.

It's also sparking a debate about the true effect of the deduction, which critics argue benefits the wealthy much more than the middle class. They contend that the break hurts first-time home buyers by driving up house prices and that other countries that have no such deduction still have high homeownership rates.

"If we really care about homeownership, then the deduction is just the absolute wrong way to go," said Dennis Ventry, a UC Davis law professor who has studied its effect.

There is agreement that reducing the interest deduction — no one is talking about eliminating it — would cause prices to drop as buyers scale back the amount they could afford to spend.

The concerns are even greater in Southern California and other high-priced regions where homeowners benefit more from the deduction because their mortgages are larger.

"A lot of people buy rather than rent simply because, after the mortgage deduction, it's more affordable," said SydLeibovitch, president of Rodeo Realty in Beverly Hills. "To limit it or take it away, I think you're going to be surprised at the shocking effect it has on the real estate market."

President Obama's deficit commission proposed lowering the limit on mortgage principal eligible for a deduction to $500,000 from the current $1 million, removing any break for interest on a second home and turning the deduction into a tax credit capped at 12% of interest paid.

A tax credit would allow homeowners who don't itemize deductions to subtract the interest from the taxes they owe. But while more taxpayers could take advantage of the benefit, a cap would mean those with large mortgages on expensive homes couldn't get a credit for all the interest they pay.

Other proposals have called for similar changes.

Supporters of the tax break worry that proposed changes would not only push down prices but also spook potential buyers.

Lawrence Tang, 38, and his wife own a house in West Covina. But they are renting in San Gabriel and looking for a house there, near where he works as a school technology director. They don't want to sell the West Covina house because the drop in home values wiped out most of their equity.

So the proposed changes would limit how much interest they could deduct on their first house and prevent them from deducting any interest on what would be their second home, Tang said.

KNEE REPLACEMENT LINKED TO WEIGHT GAIN

Surgeons perform a total knee arthroplasty operation in an operating room at the Ambroise Pare hospital in Marseille (Jean-Paul Pelissier Reuters, REUTERS / April 15, 2008)

Reuters *December 9, 2012*

(Reuters) - Being overweight is known to increase the risk of needing a knee replacement, but a new study finds that knee replacement surgery may also raise a person's risk of gaining weight, according to a U.S. study.

Researchers, whose findings appeared in the journal Arthritis Care & Research, analyzed the medical records of nearly 1,000 knee-replacement surgery patients, and found that 30 percent of them gained five percent or more of their body weight in the five years following surgery.

One possible explanation for the counter-intuitive results, experts said, is that if people have spent years adapting to knee pain by taking it easy, they don't automatically change their habits when the pain is reduced.

"Patients who undergo knee arthroplasty are at increased risk of clinically important weight gain following surgery," wrote study leader Daniel Riddle, a professor at Virginia Commonwealth University.

"Future research should develop weight loss/maintenance interventions particularly for younger patients who have lost a substantial amount of weight prior to surgery, as they are most at risk for substantial post surgical weight gain."

Riddle's group used a patient registry from the Mayo Clinic in Rochester, Minnesota, which collected information on 917 knee replacement patients before and after their procedures.

The researchers found that five years after surgery, 30 percent of patients had gained at least five percent of their weight at the time of the surgery - at least 5 kg or more on a 100-kg person, for example.

In contrast, fewer than 20 percent of those in a comparison group of similar people who had not had surgery gained equivalent amounts of weight in the same period.

"After knee replacement we get them stronger and moving better, but they don't seem to take advantage of the functional gains," said Joseph Zeni, a physical therapy professor at the University of Delaware, who was not part of the study.

"I think that has to do with the fact that we don't address the behavioral modifications that have happened during the course of arthritis before the surgery."

Riddle's team explained that this degree of weight gain can lead to "meaningful effects on cardiovascular and diabetes related risk as well as pain and function."

Part of the explanation for the weight gain could be the age at which patients get surgery. People in their 50s and 60s tend to gain weight anyway. Still, in light of the lower rates of weight gain in the comparison group, which was also middle aged and older, Riddle said something else may also be at work.

Indeed, the team found that patients who had lost weight before their surgery were slightly more likely to gain weight afterwards - perhaps because when people lose weight in anticipation of an event, such as surgery, they are more likely to put it back on after they're achieved the goal.

Zeni said that to help people stave off weight gain after surgery, health care providers need to address the sedentary lifestyle people often adopt to accommodate their arthritis.

"We need to encourage patients to take advantage of their ability to function better and get them to take on a more active lifestyle," he said. SOURCE: http://bit.ly/TJTz24

RESEARCHERS SEE LIGHT IN BID TO RESTORE LOST VISION

By Jessica Tobacman, Special to the Tribune *December 5, 2012*

Researchers at the University of Illinois at Chicago and the University of California at Los Angeles recently created a light-sensitive molecule that they say could help restore vision lost in degenerative eye diseases, such as macular degeneration, and reduce epileptic seizures.

The scientists said they took cells inside the retina and found a way to chemically alter the cells so they could take in light. This breakthrough could help people who suffer from the loss of vision caused by macular degeneration by introducing molecules that can recognize light, the scientists said. Macular degeneration is a leading cause of loss of vision for people age 50 or older.

Even after retinal diseases kill photoreceptor cells that usually take in light in the eye, other cells within the retina remain healthy, said David Pepperberg, professor of ophthalmology and visual sciences at the UIC College of Medicine and a principal investigator of the study. The results of the study were published in Oct. 2 in the Nature Communications journal.

"They remain physiologically capable of receiving signals," Pepperberg said. "We asked, 'Could we make other cells responsive to light and bypass dead photoreceptor cells? Could those other cells function as neurons and become light-sensitive?' We're trying to restore vision that's lost in macular degeneration, by making the inner cells of the retina receptive to light."

In a healthy eye, a neurotransmitter known as GABA activates a receptor protein that emits a signal to the nerve cells to take in light, Pepperberg said. The UIC and UCLA scientists found a way to modify molecules in the retina to help the GABA neurotransmitter activate the receptor proteins, he said.

"We set out with the idea to design a molecule sensitive to light, which can transition toward two possible shapes, one of which can activate the GABA receptor and the other which cannot," Pepperberg said.

Different wavelengths of light are absorbed by the light-sensitive molecule, causing it to change its shape, Pepperberg said.

"When the light-sensitive molecule is present and in active shape, it can bind to the receptor and help activate it. It (also) has the ability to illuminate and not activate or activate the GABA receptors in the inner retinal cells, and the ability to interact and make the inner cells light-sensitive," he said.

"Making the GABA receptors responsive to light is an important step toward the ultimate objective of being able to have the semblance of vision."

The therapy could also lead to a new epilepsy treatment, Pepperberg said. There's a possibility of using light-sensitive molecules to illuminate the part of the brain where epileptic seizures begin and regulate the compound that causes them, he said.

"This potentially could be a way of shutting down seizure activity as it's starting," Pepperberg said.

John Dowling, a professor of neuroscience at Harvard University, called the study a "promising approach, in terms of making the retina light-sensitive again."

"This is a very good tool for scientific studies," Dowling said. "It's potentially very important for dealing with retinal diseases. You can get light into the eye with no problem at all and can target molecules to specific synapses."

MEDICARE PAYMENT SCHEME LEADS SPECIALISTS TO MOVE TO HOSPITALS

Photo illustration by 731; Photograph by D. Hurst/Alamy

Health Care

The High Price of Nickel-and-Diming Doctors

By Shannon Pettypiece on November 21, 2012

Dr. Thomas Lewandowski, a Wisconsin cardiologist, had a tough choice to make in 2010 after the federal government yet again reduced the payments he received for treating Medicare patients: He could fire half his staff to keep his practice open, or sell it to a local hospital. He sold, becoming one of more than 6,000 employees at ThedaCare, which runs five hospitals and numerous clinics in the northeastern part of the state. Lewandowski is among thousands of once-independent doctors who are joining with hospital chains to stay afloat, a trend that threatens to raise the price of health care even as the federal government strains to keep a lid on costs.

Under Medicare's tangled payment system, hospitals get higher reimbursements than individual doctors for cardiology treatment and other specialty services—in some cases a lot higher. The program pays a hospital $400 for an echocardiogram, $180 for a cardiac stress test, and more than $25 for an electrocardiogram, according to data from the American College of Cardiology. At a private physician's office, Medicare pays $150 for an echocardiogram, $60 for a cardiac stress test, and $10 for an electrocardiogram.

Large hospital chains also have more power than individual doctors to negotiate reimbursements from insurers such as UnitedHealth Group (UNH) and WellPoint (WLP). The result: Instead of controlling costs by keeping payments to doctors down, the federal government may be driving them higher. "Clearly, in the short run, it raises costs," says Paul Ginsburg, president of the Center for Studying Health System Change, a nonprofit research group. "A physician becomes employed by a hospital, and now a payer, like Medicare, has to start paying more."

Since 2007, when the government began repeatedly cutting Medicare payments to doctors, the number of cardiologists working for U.S. hospitals has more than tripled, while the number in private practice has fallen 23 percent, according to the ACC. Jay Alexander, a cardiologist who co-owned a practice in Lake County, Ill., says he sold out to a local hospital after his Medicare revenue dropped 35 percent. Now the government pays Alexander three times as much to perform the same tests and procedures—far more than he would have needed to keep his private practice open. “If this was government’s solution to reducing health-care costs, they should have their heads examined,” he says. “This is an unfortunate consequence of bad planning.”

Changes beginning to take place under the 2010 Affordable Care Act are supposed to help slow this cost creep. The law encourages hospitals to move toward accepting lump-sum payments to treat a condition, rather than charging separate fees for every test and procedure. “It is part of the broader trend where physicians and hospitals are not only getting paid for the number of patients they treat but how they manage the health of their patients,” says Simon Gisby, managing director of the Life Science and Healthcare practice at Deloitte Corporate Finance. But that shift may take years to complete, with most hospitals still getting paid piecemeal.

For cardiologists, working for a hospital has a good and a bad side. While they gain more stable incomes, they have to follow strict hospital guidelines that limit their ability to personalize treatment. They’re also pressured to see more patients each day. “I miss being in private practice and being my own boss,” says Alexander, the Illinois cardiologist. “I would have said 30 years ago that I planned on dying with my boots on and practicing until I couldn’t practice anymore. Now, do I look forward to retirement? Yes.”

The bottom line: *Under Medicare’s bizarre rules, hospital doctors are paid as much as three times more for patient care than those in private practice.*

Obamacare fee of $63 per person to begin in 2014

By Ricardo Alonso-Zaldivar

-Associated Press Monday, December 10, 2012

Your medical plan is facing an unexpected expense, so you probably are, too. It's a new, $63-per-head fee to cushion the cost of covering people with pre-existing conditions under President Obama's health care overhaul.

The charge, buried in a recent regulation, works out to tens of millions of dollars for the largest companies, employers say. Most of that is likely to be passed on to workers.

Employee benefits lawyer ChantelSheaks calls it a "sleeper issue" with significant financial consequences, particularly for large employers.

"Especially at a time when we are facing economic uncertainty, [companies will] be hit with a multimillion-dollar assessment without getting anything back for it," said Mr. Sheaks, a principal at Buck Consultants, a Xerox subsidiary.

Based on figures provided in the regulation, employer and individual health plans covering an estimated 190 million Americans could owe the per-person fee.

The Obama administration says it is a temporary assessment levied for three years starting in 2014, designed to raise $25 billion. It starts at $63 and then declines.

Most of the money will go into a fund administered by the Health and Human Services Department. It will be used to cushion health insurance companies from the initial hard-to-predict costs of covering uninsured people with medical problems. Under the law, insurers will be forbidden from turning away the sick as of Jan. 1, 2014.

The program "is intended to help millions of Americans purchase affordable health insurance, reduce unreimbursed usage of hospital and other medical facilities by the uninsured and thereby lower medical expenses and premiums for all," the Obama administration says in the regulation. An accompanying media fact sheet issued Nov. 30 referred to "contributions" without detailing the total cost and scope of the program.

Of the total pot, $5 billion will go directly to the U.S. Treasury, apparently to offset the cost of shoring up employer-sponsored coverage for early retirees.

The $25 billion fee is part of a bigger package of taxes and fees to finance Mr. Obama's expansion of coverage to the uninsured. It all comes to about $700 billion over 10 years, and includes higher Medicare taxes effective this Jan. 1 on individuals making more than $200,000 per year or couples making more than $250,000. People above those threshold amounts also face an additional 3.8 percent tax on their investment income.

But the insurance fee had been overlooked as employers focused on other costs in the law, including fines for medium and large firms that don't provide coverage.

“This kind of came out of the blue and was a surprisingly large amount,” said Gretchen Young, senior vice president for health policy at the ERISA Industry Committee, a group that represents large employers on benefits issues.

Word started getting out in the spring, said Ms. Young, but hard cost estimates surfaced only recently with the new regulation. It set the per-capita rate at $5.25 per month, which works out to $63 a year.

America’s Health Insurance Plans, the major industry trade group for health insurers, says the fund is an important program that will help stabilize the market and mitigate cost increases for consumers as the changes in the Obama law take effect.

But employers already offering coverage to their workers don’t see why they have to pay into the stabilization fund, which mainly helps the individual insurance market. The redistribution puts the biggest companies on the hook for tens of millions of dollars.

Medicare costs set to rise in 2013

By Steve Vernon / MoneyWatch/ December 10, 2012, 8:51 AM

(MoneyWatch) The federal Centers for Medicare & Medicaid Services recently announced modest increases in 2013 premiums and deductibles for Medicare, as follows:

- The monthly Medicare Part B premium for most retirees will increase by 5 percent, from $99.90 in 2012 to $104.90 in 2013. This premium is required if you want to receive Part B coverage, which pays for physicians and other outpatient services. Retirees with high incomes (adjusted gross incomes of $85,000 for single taxpayers, $170,000 for married filing jointly) pay higher premiums. The good news is that the 2013 Medicare Part B premium is lower than the projected rate of $109 per month for 2013 and even lower than the 2011 premium for new retirees, which dropped from $115.40 in 2011 to $99.90 in 2012. (Note: The $5 increase in the Medicare Part B premium eats up a small portion of the modest 2013 Social Security cost of living adjustment of 1.7 percent, which will average out to about $21 per month.)

- The Medicare Part B annual deductible will increase by 5 percent, from $140 in 2012 to $147 in 2013.

- Deductibles for Part A hospital insurance will increase by 2.4 percent. For each 60-day stay in the hospital, the deductible will increase from $1,156 currently to $1,184 in 2013. For each day someone stays in the hospital after 60 days, the deductible will increase from $289 to $296 in 2013.

- No premium is charged for Medicare Part A coverage for hospital and in-patient services for workers and their families who paid into Medicare for at least 10 years. If you didn't pay into Medicare for 10 years, you can purchase Medicare Part A coverage for a monthly premium; this premium will actually decrease from its current rate of $451 per month to $441 per month in 2013.

The cost of premiums for Medicare Part C (Medicare Advantage plans) and Part D (prescription drugs) is set based on charges applied by the insurance companies that sponsor these plans and on the plans' specific features.

- Coping with rising retiree medical costs
- More people save for retiree health care costs
- Small COLA hike for Social Security recipients

The changes in Medicare's premiums and deductibles result from anticipated changes in the costs of the different in-patient and out-patient coverages. The modest increases in deductibles and copayments indicate that cost-control measures adopted by Medicare in recent years are working.

Look for even more changes that will help rein in costs, since Medicare is on the table during the "fiscal cliff" budget talks.

To contact us: go to www.healthcareil.com or Call (800) 739-4700