

Healthcare Alert

RECENT & FUTURE TOPICS

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ADMINISTRATION OF MEDICARE DENIALS

Changes in Medicare payment processing procedures could affect your bottom line.

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CAPITATION ARRANGEMENTS: SHARING THE RISKS

Some carriers are willing to share the risks of capitated reimbursement plans.

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PROFESSIONAL COURTESIES AND DISCOUNTS

Extending professional courtesies or discounts to patients can be a costly gesture if not properly documented. Learn the pitfalls.

1.6

Physician Compensation Models

Establishing and implementing a successful plan.

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EQUIPMENT FINANCING ALTERNATIVES

ISSUES FACED WHEN PROCURING EQUIPMENT FOR YOUR PRACTICE

Just as you see yourself clear of the equipment selection process your vendor asks, "will that be cash, check or charge?" You will answer, more times than not, "charge" and so the financing alternatives (bank loan or lease) are presented, only to confuse you more.

Generally, there are two leasing alternatives. A capital lease is one method to purchase equipment and in most respects is the same as a bank loan. A capital lease may contain a bargain purchase option (an amount less than 10% of the capital cost of the equipment), usually at the end of the lease term. Through a capital lease the lessee ("purchaser") will be able to deduct the equipment's purchase price systematically over a period of time in the form of depreciation.

A lease that does not contain a bargain purchase option, but instead offers the purchase of the equipment at its then fair market value, is typically an operating lease. These financing arrangements do not transfer title and the lessee deducts the payments as they are made to the lessor.

Under either financing arrangement the lessee may be asked to provide personal and/or corporate guarantees. Joint and several or

cross collateralization offer the financing company the most security, therefore they often offer lower interest rates as a result. If the guarantees are limited or eliminated this typically puts upward pressure on the interest rate and will result in an increased monthly payment.

In circumstances where the capital project has significant costs, the repayment schedule may provide for adjustable payments which can be in the form of skip payments, interest only payments or a stated sum.

These are just some of the basic issues faced when procuring equipment for your practice. Let our firm assist you with your concerns. Please contact us today.



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