

ECONOMIC CRISIS MANAGEMENT FOR PHYSICIANS

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The physician who remains in practice long enough is sure to undergo some adverse situation that may negatively affect his economic life. When it occurs, you must have a crisis management plan in place to deal successfully with the matter

In fact, the following three scenarios typically occur somewhere along life's journey for the average doctor.

- Office Crisis Management
- Employment Crisis Management
- Financial Windfall Crisis Management

1. Office Crisis Management

Crisis management is a matter of perception versus reality. For example, a high profile patient may die under your watch inducing a PR fiasco. But, then again, such a celebrity had confidence in you in the first place, so all is not lost.

Therefore, honest spin control is needed when tragedy strikes:

- Stay calm and relaxed; but act immediately.
- Release detrimental but accurate information and stay neutral.
- Educate your staff and local community.
- Fix the problem, or minimize recurrence.
- Continually release information.
- Monitor and report your strategy to all affected parties.

2. Employment Crisis Management

Sooner or later the employed doctor will be terminated or reduced. Or, a partnership will dissolve; a major local employer will relocate or your hospital will close. If you become *aware* of impending job loss, the following may help:

- Decrease retirement contributions to the minimum company match.
- Place retirement contribution differences in an after-tax emergency fund.
- Eliminate unnecessary payroll deductions and deposit the difference to cash.
- Replace group term life insurance with personal term or universal life.
- Take your old group term life insurance policy with you, if possible.
- Establish a home equity line of credit to verify employment.
- Borrow against your pension plan as a last resort.

After you lose your job, negotiate your departure and *execute* the following:

- Prioritize fixed monthly bills: rent or mortgage; car payments, utility bills; minimum credit card payments; and restructured long-term debt.
- Consider liquidating assets: emergency fund, checking accounts, investments, or assets held in a child's name.
- Review coverage and increase deductibles on homeowner's and automobile insurance.
- Sell stocks or mutual funds; personal valuables like furnishings, jewelry or real estate; and assets not in pensions or annuities.
- Keep or rollover any lump-sum pension or savings plan distribution to your new practice. Pay taxes and penalties as a last resort.
- Apply for unemployment insurance and review COBRA coverage.
- Consider a high-deductible health plan using tax-deferred dollars.

3. Financial Windfalls

Although ironic, a financial windfall may be more problematic than short-term financial disadvantage. Consider these suggestions:

- Be discrete; don't quit practice or disrupt your life materially.
- Deposit cash into a money market account and limit access.
- Title securities correctly.
- Redefine your financial plans, and continue to save and invest.
- Pay down non-deductible debt.
- Review insurance policies, will, estate plan or trusts.
- As an executor, be aware of estate tax freeze benefits using the alternate valuation method.
- Consider charitable gifting carefully.

Hire an Expert

If any of the above occurs, get tax advice immediately, retain an attorney and hire a financial professional. And, unlike stock-brokers and most financial designees, the Certified Medical Planner® is an emerging new fiduciary with focused medical specificity.

CONCLUSION

Remember that successful crisis management often requires that patients, creditors and employers recognize your integrity, if given a chance. You will sleep better at night, too!

Related Information Sources:

Practice Management: http://www.springerpub.com/prod.aspx?prod_id=23759

Physician Financial Planning: <http://www.jbpub.com/catalog/0763745790>

Medical Risk Management: <http://www.jbpub.com/catalog/9780763733421>

Healthcare Organizations: www.HealthcareFinancials.com

Health Administration Terms: www.HealthDictionarySeries.com

Physician Advisors: www.CertifiedMedicalPlanner.com

Speaker: If you need a moderator or speaker for an upcoming event, Dr. David E. Marcinko; MBA - Publisher-in-Chief of the *Executive-Post* - is available for seminar or speaking engagements. Contact: MarcinkoAdvisors@msn.com or Bio:

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