



The Excelsior

The News Magazine of The New York Regional Society of Plastic Surgeons

FALL 2006

WWW.PLASTICSURGERYNY.ORG

In this issue:

FROM THE EDITOR 2

Explores the balance between being a physician true to ones profession and the necessity of conducting a business in order to practice medicine.

LEGISLATIVE UPDATE 4

As this edition goes to press, much is going on in Albany and Washington to legislate the practice of medicine.

SCIENTIFIC PROGRAM 5

Our most recent spring meeting proved a great success. We had three great speakers discussing various topics pertaining to "Post-Bariatric Surgery Reconstruction".

HIGHLIGHTS 6

Photographic highlights from recent NYRSPS events.

MEMBERSHIP REPORT 6

News from the Executive Committee about the upcoming Executive Committee Election, the addition of a Board of Trustees and the re-scheduling of membership dues.

UPCOMING EVENTS 7

Residents' Night 2007
Winter Meeting 2006

INVITED COMMENTARY 8

Your Pension or IRA:
Still a 70%+ Tax Trap After
All These Years.

OBITUARIES 10

James W. Smith, M.D.
Philip Casson, M.D.



ALAN MATARASSO, M.D.

President's Message

It is hard to believe that we are concluding the 2006 year of the New York Regional Society of Plastic Surgeons.

I'm pleased to report that The Society had another successful academic and fiscal year. I would like to thank the members of the Executive Board, committee members, general membership and the executive committee composed of John Vaccaro, President-elect, Steven Wallach, vice-president, Tracy Pfeifer, treasurer, Peter Hetzler, secretary, and David Abramson, Parliamentarian, for their support, hard work, and dedication. Dr. Mia Talmor has been selected by the nominating committee to serve on the Executive Committee for 2007.

I will report on some highlights of this past year. In 2006 we instituted teleconference phone calls for managing time sensitive Executive Board issues which has proven to be a valuable addition to our regularly scheduled meetings. Our financial status continues to be extremely strong. In light of this and in order to continue to generate interest from recent graduates, we are offering free membership for first year members of the New York Regional Society of Plastic Surgeons. On the academic end we had two outstanding scientific meetings. On April 8, 2006, the topic was "Current Advances in Bariatric Plastic Surgery, New Procedures, and Patient Benefits". The December 16, 2006 meeting will feature "Implants (Non-Breast) in Aesthetic Plastic Surgery". The academic program for 2007 is currently under formulation with the spring meeting scheduled for May 19, 2007. We are in the process of collaborating with the Florida Society of Plastic Surgeons for

a joint meeting potentially alternating between Florida and New York.

Residents' night continues to be of keen interest to surgeons and residents generating significant support from the training programs in the tri-state areas. Dr. Mia Talmor will continue to serve as the Secretary for residents' night assisted by Dr. Jane Haheer. This year's award winners were Kerit Bhatt (New York University Medical Center), Joseph Michaels (New York University Medical Center) and D. Koumanis (Nassau University Medical Center). In order

"Residents' night continues to be of keen interest to surgeons & residents generating significant support from the training programs in the tri-state areas."

to streamline the evening we have decided for the future to have the scientific presentations during dinner and the guest speaker during the judge's deliberations, thereby ensuring the evening ends earlier than in the past.

The Executive Committee received a request for proposal for a new web designer. After much deliberation we selected Web Net as our new web master, which will result in substantial upgrades and cost savings to the society. We thank Mr. Rudy Servizia ▶ CONTINUES BACK PAGE



EXECUTIVE COMMITTEE

Alan Matarasso, M.D.
President

John Vaccaro, M.D.
President-Elect

Steven Wallach, M.D.
Vice President

Tracy M. Pfeifer, M.D.
Treasurer

Peter Hetzler, M.D.
Secretary

Alan Matarasso, M.D.
Scientific Program Chairman

Steven Wallach, M.D.
Olivia Hutchinson, M.D.
Scientific Program Co-Chairman

Tracy M. Pfeifer, M.D.
Editor in Chief, Excelsior

John Vaccaro, M.D.
Membership Chairman

Steven Wallach, M.D.
Masters Series Chairman

William Rosenblatt, M.D.
Ethics Committee Chairman

John Hunter, M.D.
Marketing/Website

Jane Haher, M.D.
*Chair, Plastic Surgery Section NY
Academy of Medicine*

Paula Moynahan, M.D.
Public Relations Chairman

David Abramson, M.D.
Parliamentarian

Robert Briggs, M.D.
Historian

David Lester, Esq.
Ad Hoc Legal Council

Sylvain Siboni, CPA
Ad Hoc Financial Advisor

Ms. Victoria Morales
Administrator

BOARD OF TRUSTEES

Frederick Lukash, M.D.

Paul Weiss, M.D.

William Rosenblatt, M.D.

Arthur Wise, M.D.

Jane Haher, M.D.

FOUNDING EDITOR

Frederick Lukash, M.D.

MEMBERS AT LARGE

David Bass, M.D.

Barry DiBernardo, M.D.

Ali Hassan, M.D.

Ronald Linder, M.D.

Ferdinand Ofodile, M.D.

James Romanelli, M.D.

TRACY M. PFEIFER, M.D.

letter from the editor

Fall is such a beautiful and exciting season and this year is no exception. I am pleased to unveil the new 'look' of our newsletter with this issue.



OUR GOAL IN THE REDESIGN was to modernize our graphic design while maintaining the decorum befitting our professional society. Thank you to NL Health for listening and creating a great design. We are also in the process of revitalizing our web site and hope to have this ready for you in early 2007.

Now for some more serious issues. Lately the balance between being a physician true to my profession and the necessity of conducting a business in order to practice medicine has been on my mind. We all know of surgeons who testify for the plaintiff in exchange for money, make inflammatory statements about other plastic surgeons to patients who are dissatisfied, etc. This

un-collegial approach by some of our colleagues is disheartening but easily offset by the many acts of generosity by others. And then there is the reality of the continuing battle with the insurance companies, which many of our colleagues face.

For our fellow physicians in the "non-procedure" fields, the decline in reimbursements is truly staggering. Talk to a colleague in hematology/oncology if you think you have it bad. Many of you right now are saying to yourself, "that's why I was tough enough and made so many sacrifices to go into surgery, I deserve to be better paid, those people in allergy and immunology could never be a surgeon and what we do is so important", etc. I am sure they could not be surgeons and I am equally sure you could not be an allergist. Thank goodness all **physicians** are different or matching in surgery would have been tough. The point is, we need to be united as physicians and not be so specialty-centric. The lack of cohesion among physicians makes us easy pickings for the insurance companies.

There are many doctors who are reluctant to stand up publicly and demand to be paid fairly for the very valuable service they provide. Although it has taken doctors a long time to recognize it, and some still won't discuss it, it is necessary evil for us to advocate for ourselves when dealing with insurance companies. Our profession is under a constant assault from these people. Doctors and our delivery of health care to our patients is the basis from which these companies make money. It is time for us to wake up and start fighting back. Health insurance companies are very profitable, with increased premium costs each year without an increase in paid benefits. Insurance companies are not more deserving than we physicians to be paid for our services. They are just the middle men. Without doctors there would be very limited and rudimentary medical care and the system would collapse. We do have power and it is time to exert it.

In addition to declining reimbursements in the face of record health insurance company profits, health insurance companies are increasingly making arbitrary decisions that affect us as physicians. Recently, a New York insurance company demanded a


"There are many doctors who are reluctant to stand up publicly and demand to be paid fairly for the very valuable service they provide."

"refund" on monies paid to surgeons who collected facility fees for procedures performed in their in-office surgical facilities. As I understand it, a few surgeons, including plastic surgeons and ENT surgeons, were targeted. Most of those affected were performing surgery in their in-office accredited facilities and billed the insurance company a facility fee. The bills were submitted under guidelines verbally provided by the insurance company; the insurance company did not have existing written policies regarding this issue. Monies were paid to the surgeons for the facility and at a later date the insurance company demanded a refund, saying the physician was not entitled to collect a facility fee because they were not an Article 28 (certificate of need) facility. Please note, there is no law that says you have to have a certificate of need to collect facility fees from an insurance company; this was a completely arbitrary pronouncement by the insurance company. A few, and I emphasize few, surgeons banded together, hired a law firm and, as of September 24, 2006, the insurance company dropped their demand for repayment. The resolution of this situation resulted in a clarification; that is, surgeons in New York State can negotiate with insurance companies for in-office facility fees. However, the insurance companies are not mandated by law to pay facility fees unless the facility has a certificate of need. In addition, the New York State legislature is now aware that it is probably a good idea to insist that surgeries be performed only in accredited facilities and legislation may be passed to this effect. This is good news for all us who are in compliance with ASPS guidelines regarding office based surgery. I will be the first to admit that it has been frustrating to practice according to the ASPS guidelines (which are designed to maximize patient safety) and yet watch as non-ASPS surgeons in both plastics and other specialties operate in non-accredited closets in their office. Lastly, some of the surgeons involved are pushing for legislation that would

mandate facility reimbursement by insurance companies for procedures performed in accredited facilities. In other words, you would not need a certificate of need to receive facility fee reimbursement. Obviously, this is a key issue and, if our support is needed, I hope each of us will get involved.

In the end, this one ends happily due to the concerted efforts of a few people who spent the time and money to see this through. Their efforts will benefit all of us. However, this situation is disturbing for a number of reasons and it could be a textbook case illustrating how physicians are beaten down. First, this is a classic example of how the insurance companies attack us. Notice that they targeted a few physicians, not hundreds. They know that as an individual you are unlikely to fight back. At least one of the targeted surgeons felt completely isolated and did not confide in his peers about his situation, not wanting to expose himself and his personal financial situation. I know we all sympathize with his feelings. Our isolation and reticence, however, makes us easy prey for the insurance companies. Second, they selected a few individuals from each specialty—plastics, ENT, GI, Ob/Gyn. They know we will be unlikely to form coalitions across specialty lines. The insurance companies count on our very predictable response and thus proceed with their harassment. They know we rarely form powerful groups to fight them and that as individuals, our financial resources to fight them are limited. How many of us as individual practitioners can absorb the legal fees incurred to fight this kind of battle against a huge corporation? They are counting on us to remain isolated from each other and not make waves.

Now to the second point. What is the insurance company thinking? Surely they realize that it is probably less expensive to pay a physician for his/her facility than a hospital. After all, hospital costs are very high due to the acuity ▶ CONTINUES PAGE 11



"We need to be **united as physicians** and not be so specialty-centric. The lack of cohesion among physicians makes us easy pickings for the insurance companies."

WILLIAM ROSENBLATT, M.D.

LEGISLATIVE UPDATE

As this edition goes to press, much is going on in Albany and Washington to legislate the practice of medicine.



In January of 2007, we will have a 5% Medicare fee reduction unless congress does something to prevent this before their election break, or when they return as a lame duck congress. Last year they prevented a reduction, but did nothing to repair the broken methodology of determining medicare costs. MSSNY and the AMA are actively lobbying them regarding this issue.

Thanks to tireless work by your state medical society (MSSNY), as of January 1, 2007 managed care organizations will be much more limited in their refund demands for alleged "overpayments." First of all, the carrier will have to give you 30 days' advance written notice—with details including the patient's name, the service date, and the amount of the alleged overpayment. (That way, the carrier won't be able to offset other claims.) Second, the "look back time" will be reduced to two years (rather than six years which is the current time limit)—unless the carrier has a reasonable belief that fraud has been committed. All this means new protections for you: you'll be able to watch what the plans do and make sure they don't break the rules. If a carrier sends you a refund demand without advance notice, that would be a violation. If the carrier alleges fraud (to get around the two-year limit), it will have to provide solid evidence and meet other legal requirements. Plus, plans will be required to credential new applicants faster and comply more closely with AMA-CPT codes.

MSSNY just prevented Empire Blue Cross Blue Shield from unilaterally amending their contracts which would have required participating physicians to make sure their patients stayed in network or they would have been financially responsible for the fees by non-par providers. Your medical society has just filed a suit against Oxford and United health for their hard handed approach to physicians. When these managed care companies merged, they forced their member physicians to join both or be dropped. We think that this is illegal and an antitrust violation, and have taken them to court.

We are also getting closer to a law in this state that requires you to be credentialed to do surgical procedures in your office either by being board certified in the appropriate specialty or having hospital privileges. For more information go to: nyhealth.gov/professionals/office_based_surgery

When you see your medical society dues statement – please renew your membership or if you haven't done so yet - join. We need your support to continue to keep medicine the wonderful profession it is.

REMINDER: Now is the time to get your National Provider Identifier (NPI) number. It only takes a few minutes on the Web, or you can do it by mail. As of May 23, 2007, your Medicare claims will not be processed without your NPI. This is a unique number that is assigned to healthcare providers. When a physician or patient files a claim for benefits, an NPI will be needed—regardless of whether the claim is filed by electronic format or by paper. You can get your NPI from the federal government free of charge (don't be fooled by commercial vendors who try to charge a fee for it). The only source for official CMS education and information on the NPI initiative is the CMS NPI page, at www.cms.hhs.gov/NationalProvIdentStand. All products located on that site are free of charge. And, you need an NPI even if you use a billing service or clearinghouse; some commercial vendors have been spreading incorrect information about this issue.

TO GET YOUR NPI GO TO: <http://nppes.cms.hhs.gov>

NPI TIME SCHEDULE

JAN.3, 2006 - OCT.1, 2006:

Medicare systems will accept claims with an NPI and will use NPI for some responses, but an existing legacy Medicare number must also be on the claim. Claims with only NPIs will be rejected.

OCT. 2, 2006 - MAY.22, 2007:

CMS systems will accept an existing legacy Medicare billing number AND/OR an NPI on claims, but it is recommended that you use both. If a problem arises, you might not get paid if you use only the NPI.

MAY.23, 2007 - FORWARD:

CMS systems will accept only NPI numbers. (but small health plans have until 05/23/2008). However, some payers other than Medicare might require the NPI before these timelines.

ALAN MATARASSO, M.D., OLIVIA HUTCHINSON, M.D. & STEVEN WALLACH, M.D.

SCIENTIFIC PROGRAM

Our most recent spring meeting proved a great success. We had three great speakers discussing various topics pertaining to “Post-bariatric surgery reconstruction”.

Dr. J. Peter Rubin spoke about breast surgery after massive weight loss. He demonstrated how to mold the breast by using autologous tissue flaps created from the medial and lateral extensions of the breast. His presentation included a wonderful video, which clearly reinforced his concepts. As a bonus, he also discussed treating the upper back rolls.

This year our Nojorova lecturer was Dr. Susan Downey. She gave a beautiful presentation on techniques on body lifting, brachioplasty and back roll treatment, with emphasis on placement of the incision for these procedures. She also reviewed surgical complications, including abdominal wall hernias, and their treatment in the massive weight loss patient.

Dr. Joseph Hunstad concluded the meeting, and focused on the lower half of the body. This was a fascinating discussion, where he

elaborated on approaches to lower body lifting, thigh lifting, and buttock auto-augmentation.

This symposium provided an excellent forum in which to compare techniques, noting both similarities and differences among these three talented surgeons.

Overall, the meeting offered a terrific educational opportunity in which to learn about body contouring for the massive weight loss patient. The population of patients who have undergone bariatric surgery continues to grow, and it is paramount for plastic surgeons to gain expertise in proper evaluation and correction of their deformities.



SPRING MEETING 2006 (left to right)

Steven G. Wallach, M.D., Joseph P. Hunstad, M.D., Susan E. Downey, M.D., J. Peter Rubin, M.D.,
John J. Vaccaro, M.D., and Gregory E. Rauscher, M.D.

Membership Report

Board of Trustees

At a recent meeting, the Executive Committee passed a motion to add a Board of Trustees to our organization. The purpose of the Board of Trustees is to provide sage wisdom and insight as well as continuity within our organization as we progress into the future. We are pleased to welcome Frederick Lukash, M.D., Paul Weiss, M.D., William Rosenblatt, M.D., Arthur Wise, M.D. and Jane Hafer, M.D. as our first Board of Trustees. Each of these individuals has served as President of our Society and we appreciate their continuing commitment to the health of our Society.

Membership Dues

The Executive Committee recently voted to change the schedule of membership dues. The Board is actively encouraging young plastic surgeons recently in practice to join our organization. Although our membership dues are fairly low, we recognize that the cumulative costs of starting a practice are daunting. In light of this, the Board approved a reduction in membership dues for plastic surgeons who are new members or candidates for membership.

■ 1st year member (or candidate for membership):	\$0
■ 2nd-4th year:	\$100
■ 5th year onward:	\$200

Executive Committee Election

Elections for the Executive Committee 2006-2007 will be held at the upcoming winter meeting on December 16, 2006. The proposed slate is as follows:

■ President:	John Vaccaro, M.D.
■ President Elect:	Steven Wallach, M.D.
■ Vice-President:	Tracy M. Pfeifer, M.D.
■ Treasurer:	Mia Talmor, M.D.
■ Secretary:	Peter Hetzler, M.D.
■ Parliamentarian:	David Abramson, M.D.



HIGHLIGHTS SPRING MEETING 2006

(left to right)

PHOTO.1

Susan E. Downey, M.D.
& J. Peter Rubin, M.D.

PHOTO.2

Gregory E. Rauscher, M.D.,
& K. Ali Hassan M.D.

PHOTO.3

Matt Schulman, M.D.,
Ernest Kirchman, M.D.,
& Rosa Rozaboni, M.D.

PHOTO.4

Stephen Harris, M.D. &
Fredrick Valauri, M.D.

PHOTO.5

Malcolm Roth, M.D. chats
with a colleague

Residents' Night

MONDAY MARCH 5, 2007

5:00-5:45PM	Cocktails and registration
5:45-6:15PM	Buffet dinner is served (the buffet will remain open after 6:30)
6:30-8:00PM	Resident presentations; dinner and dessert eaten quietly during presentations
8:00PM	Judges deliberate; Dr. John Sherman presents Lifetime Achievement Awards
8:30PM	Evening concludes

In an effort to accommodate our members' busy schedules, we will streamline residents' night this year by having the presentations during the dinner. Presentations will start promptly at 6pm. Please arrive on-time and give the resident presenters your full attention. The evening will conclude at 8:30 pm. Thank you in advance for your participation. This is an important event for both our residents and our society. First, second, and third place winners will receive a monetary prize. Feedback on the new format is appreciated.

▶ ABSTRACT SUBMISSIONS

January 15, 2007 Abstracts due. Information will be sent by snail mail and e-mail to all program directors by **December 1, 2006**. Program directors will be asked to forward e-mail calling for abstracts to all residents. Questions regarding abstract submissions can be emailed to nyrsplast@aol.com

February 5, 2007 Residents notified if abstract selected for presentation.

Winter Meeting

**SATURDAY DECEMBER 16TH, 2006
8AM-1PM**

"Implants (Non-Breast) in Aesthetic Plastic Surgery."

Abel de la Pena, M.D.
"State of the Art in Gluteal Augmentation"

Michael Yaremchuk, M.D.
"Alloplastic Augmentation of the Facial Skeleton"

Adrien Aiache, M.D.
"Body Implants"

Roxanne Guy, M.D.
PRESIDENT, ASPS

ASPS Advocacy Training Session and an Update on ASPS Activities.

This program is certified for three CME credits. There is no registration fee for member of the NYRSPS and residents. Non-member registration fee is \$200.



CHRISTOPHER R. JARVIS, MBA, & DANNIEL J. WEXLER, ESQ.

Your Pension or IRA: Still a 70%+ Tax Trap After All These Years

For those of you who have not followed the estate tax legislation saga that has been going on in Washington over the past few years, you may be under the impression that there is “good news” on the horizon.

WHILE NOTHING HAS YET TO BE DECIDED, all signs point to the clear fact that significant taxation of assets at death will continue to be an estate planning fact for the foreseeable future. Indeed, for most physicians, the area where such taxes will hurt the most remains pensions and IRAs, where 70%+ taxation can still be the norm.

While numerous reform bills have emerged in both chambers of Congress over the last two years, none have garnered the necessary votes for passage. The proposals closest to passing essentially would have raised the estate tax exemption (the amount below which no federal taxes would be due) to \$5 million per person, or \$10 million per couple – and lowered the tax rate to around 20%. Obviously, we have no crystal ball to tell us whether or not any reform legislation will ever pass. We do not believe that you should rely on an exemption of more than \$1 million per person and a combined federal and state estate and inheritance tax rate of less than 55% since this is how the current law will apply for individuals dying after 2011. However, for purposes of this article, we’ll give all of you eternal optimists the benefit of the doubt and we’ll assume a middle ground and use a \$3.5 million exemption and a federal estate tax rate of 25% are enacted – essentially, a compromise between how the current law is now for estates after 2011 (\$1 million exemption and a 55% tax rate) and the Congressional proposals that came closest to passing (\$5 million exemption and a 20% tax rate).

While a \$3.5 million exemption/20% tax rate this apparently would be a significant benefit to any 2-spouse families with a net worth under \$7 million, families over these amounts would still pay a significant tax. Even more, these rules do not in any way impact state estate or inheritance taxes. Why is this so important?

When the estate tax “repeal” was implemented by the federal government back in 2001, a relatively unpublicized part of the law change was the cutting of estate tax dollars that went from IRS to the states. Under the pre-2001 law, individual states shared heavily in the estate tax revenue collected by the IRS – thus, they had no need to impose their own estate tax. Because of the “repeal,” states stood to lose billions of dollars.

Not surprisingly, what have many states done? You can guess... re-implement their own state estate tax or inheritance tax. A state “estate” tax is similar to the federal estate tax in that it is levied on a decedent’s estate before it is distributed to heirs. An “inheritance” tax (like the card you feared picking up when you played Monopoly) is levied on the heirs once they receive their inheritance. Thus far, 24 states plus the District of Columbia have already instituted either a state estate tax or state inheritance tax.

While the state estate tax rates may not seem very high (16% is the highest), they are meant to be in addition to federal estate tax rates which still are 46% in 2006. As state deficits continue to increase in most states, we predict that states will continue to raise their rates over the next decade. As state legislators continue to be pressed to find revenues, many experts predict that more and more states who have yet to implement their own estate and/or inheritance tax will do so; and the states that have already enacted such taxes will likely raise their rates. Some prognosticators see a 30% state estate tax as a realistic possibility. If the federal government does eventually lower the federal estate tax rate from 46% to 40%, 30% or 20%, can you be sure that your state won’t seize the opportunity to impose a tax that basically replaces that cost?

In summary, if a compromise bill does eventually pass, this is what you can expect in terms of estate taxes:

- Families with estates greater than \$7 million may pay federal estate taxes
- Families in states with a state estate tax may also pay an additional tax
- Families in states with state inheritance tax may also pay an additional tax
- Families with IRAs or pensions will also pay income taxes

Of course, even worse than this scenario is the case where no reform is passed in Washington – as our present rules would stay in place. These rules basically keep a \$2 million exemption per person and a 46% estate tax rate from now until 2010 (2007-9 rules are slightly better). In 2010, the estate tax is fully repealed, only to be re-instituted again in 2011 with a \$1 million exemption and a 55% tax rate. In other words, if you don’t die in 2010, things are much worse under present rules than any likely reform legislation.

Impact on Pensions/IRAs

Qualified retirement plans, such as pensions, profit sharing plans, 401(k)s and IRAs (excluding Roth IRAs) are characterized as items of “IRD” or “income with respect to a decedent” under the tax law. As such, when a taxpayer dies, these assets are not only subject to federal (and state, as above) estate taxes, but they are also subject to federal and state income taxes as well. Because federal and state income taxes can be as high as 45% in some states, the combined taxes (federal/state and estate/income) can escalate quickly. In fact, with these four different taxes to be assessed, the total tax on assets characterized as IRD assets can reach levels of over 70%. Let’s see how this can work:

Case Study: Jim The Physician

Let's take Jim, a single physician whose non-qualified plan assets exceed the current estate tax exemption (\$2 million in 2006). When he retired from his practice, he rolled his profit-sharing plan containing \$1 million into a roll-over IRA. Jim dies in 2006.

Jim's estate would first pay \$70,000 in Ohio state estate taxes (7% rate) on the value of the IRA. On the remaining \$930,000 value, federal estate taxes would be assessed at a rate of 46% – costing \$427,800. While this seems bad, the real pain comes next.

To pay the state and federal estate taxes, the estate would likely take the funds from the IRA itself. Let's assume here that all \$1 million was taken out of the IRA at once. When each withdrawal is made from the IRA, state and federal income taxes would be due. Given the size of these withdrawals, and the income tax situation of Jim's heirs, the estate could very well reach the top federal (35%) and state (7.185%) income tax brackets. With these taxes also levied on the IRA, Jim's heirs could get less than 28% of the IRA. While this may seem egregious, Jim's situation would actually be worse in many states, like New York, where the state estate tax is much higher (16%). Let's examine how these numbers were calculated:

JIM'S IRA: ESTATE/INCOME TAXES EATS UP NEARLY 73%	
IRA Value	\$1,000,000
Less: State Estate Tax	(\$70,000)
Less: Federal Estate Tax	(\$427,800)
Total Estate Taxes	\$497,800
Income with Respect to Decedent	\$1,000,000
IRD Deduction	(\$427,800)*
Taxable IRD	\$572,200
Less: State Income Tax (7.185%)	(\$41,112)
Less: Federal Income Tax (35%)	(\$185,880)
Total Taxes Paid	\$724,792
Effective Tax Rate (Estate & Income)	72.4%
Amount for Beneficiaries	\$275,208

* the IRD deduction will be even less (and the income tax consequences more severe) for taxpayers subject to the Section 68 phase-out.

FEDERAL ESTATE TAX RATES & EXEMPTION AMOUNTS

CALENDAR YEAR	ESTATE TAX EXEMPTION	HIGHEST ESTATE TAX RATES
2001	\$675,000	55%
2002	\$1M	50%
2003	\$1M	49%
2004	\$1.5M	48%
2005	\$1.5M	47%

Conclusion: Talk to an Expert

Figuring your way through retirement plan dilemmas requires expertise in financial planning and forecasting, tax law, pension law, and estate planning. It is crucial that you consult a professional with experience in dealing with retirement plans and - if relevant - techniques for preserving plan assets from all types of federal and state taxes.

For a free audio CD (just cost of shipping) on tax, asset protection, and estate planning strategies, please call (800) 554-7233 or email info@wealth-protectionalliance.com

Christopher R. Jarvis is a lecturer, and author of the books *The Doctor's Wealth Protection Guide* and *Wealth Protection, M.D.* He is also a co-founder of The Wealth Protection Alliance (WPA) – a nationwide network of legal, accounting, and financial firms whose goal is to help clients build and preserve their wealth. Danniell J. Wexler, Esq. is an attorney specializing in estate and tax planning and is a member of the WPA. To reach Chris, Danny, and the WPA, please call 800-554-7233.

HOW TO AVOID THE TAX TRAP

There are a number of ways you can avoid this tax trap, or diminish its impact on your estate. These include:

1 CONSIDER NON-QUALIFIED PLANS

Non-qualified plans have been used by most Fortune 1000 companies for more than 30 years, yet few physicians or their advisors know how to implement them properly for medical practices. This is a serious mistake, as non-qualified plans are much more flexible than qualified plans such as pensions, profit-sharing plans and 401(k)s when it comes to how they can be structured for IRD and estate tax treatment. In addition, non-qualified plans can be discriminatory and may have much higher contribution limits than traditional qualified plans.

2 USE THE CAPITAL TRANSFORMATION STRATEGY (CTS)

This strategy essentially “transforms” wealth from the worst IRD/estate tax position to a position where the taxes are not as onerous. This may involve the use of a rollover and/or the creation of a special purpose qualified plan. It may also involve the use of investments and/or insurance vehicles that are not income taxable. It may also involve the use of a particular type of irrevocable trust that may allow funds to pass to heirs with a reduced or eliminated estate tax liability. While the details are beyond the scope of this article, this technique can often reduce the tax bite by 50% or more – without sacrificing your quality of life in retirement.

3 USE AN ENHANCED LIQUIDATE & LEVERAGE STRATEGY

This technique was initially laid out in our book *Wealth Protection, MD*. This essentially involves distributing the amount from the IRA likely not needed in retirement, paying the income taxes, and then, through a combination investment/premium financing structure (using one of the largest financial institutions in the U.S.), making up those lost taxes for an investment for heirs. Typically, this technique generates 2 to 5 times more to your heirs, net of taxes, than leaving funds in the retirement plan. This technique is also ideal if you fear that income tax rates may increase over your lifetime and you wish to eliminate this risk. If you want more information on this technique, contact the authors.

Obituaries

JAMES W. SMITH, M.D.



James W. Smith, M.D., longtime resident of Greenwich, Connecticut, founder of The Center for Specialty Care, a leading surgeon in plastic and reconstructive surgery, the longest serving New York City Honorary Police Surgeon, Clinical Professor of Surgery at Cornell University Medical College and owner of The Smith Collection of Penny Arcade Machines and Related Memorabilia, died on Tuesday August 15th, 2006, in Greenwich following a stroke. He was 79.

Jim Smith was born in East Liverpool, Ohio on October 29, 1926. He served in the U.S. Navy during World War II. He graduated from Case Western Reserve University in 1948 before attending Columbia University College of Physicians and Surgeons where he received his M.D. in 1952. His medical internships and residencies were at the Roosevelt Hospital, the U.S. Veterans Administration (in the Bronx) and Cornell Hospital. He was an Elder and Deacon at the Central Presbyterian Church on Fifth Avenue.

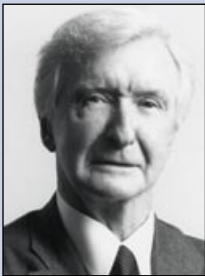
Dr. Smith was a nationally renowned plastic and reconstructive surgeon, teacher and researcher having a career that spanned fifty years. He was Associate Attending Surgeon at The New York Hospital-Cornell Medical Center and several

other area hospitals. Dr. Smith was Clinical Associate Professor of Surgery at Cornell University Medical College from 1972. Dr. Smith was known as an international teacher and researcher. The United States' State Department sent him to India to research leprosy and the use of microsurgery to assist in the healing of patients. As Visiting Professor he lectured and taught throughout the world, including travelling to Tokyo, Moscow, London, Istanbul, Paris & Sydney.

In 1988 Dr. Smith founded The Center for Specialty Care, the first New York State licensed free-standing ambulatory surgery center of which he was Medical Director and Chairman of the Board until his death. His farsighted vision for the delivery of the highest quality of medical care in an ambulatory setting was achieved. The magnificent office building that houses The Center was once featured in Architectural Digest.

He served as president of the International Society of Aesthetic Plastic Surgery, as well as president of the Education Foundation of the American Society of Plastic and Reconstructive Surgeons and the 15th President of the New York Regional Society of Plastic and Reconstructive Surgeons. He was a member of more than 40 local, state, national and international medical organizations including the Medical Strollers of New York.

PHILIP CASSON, M.D.



Philip Raynor Casson, M.D., died on May 29, 2006. Dr. Casson was born in Sydney, Australia and received his medical degree from the Sydney University in 1950. He worked as a surgeon in the Flying Doctor's Service, an airplane-based medical unit that provided emergency medical care to the geographically isolated residents of the Australian Outback.

Dr. Casson then spent 12 years working as a surgeon in England and became a fellow of the Royal College of Surgeons in 1958.

In 1959 he came to the United States to complete a fellowship in Head and Neck Surgery at Memorial Sloan Ketter-

ing. In 1963 Dr. John Converse recruited him to join the staff of New York University and the recently founded Institute of Reconstructive and Plastic Surgery. At the Institute, Dr. Casson was part of a research team that conducted advanced transplant research under the leadership of Dr. Jean Dausset of Paris, France. The team investigated the significance of tissue typing and histocompatibility in facilitating successful transplants. Dr. Dausset subsequently received the 1980 Nobel Prize in Medicine for this groundbreaking research.

Dr. Casson was the 24th President of the New York Regional Society of Plastic and Reconstructive Surgery in 1982-1983. At the time of his retirement in 2004, Dr. Casson was an Associate Professor of Plastic Surgery at the NYU Medical Center, Attending Surgeon at Tisch Hospital and Associate

"It is not a dishonor to the medical profession to demand fair treatment at the hands of insurance companies."

► CONTINUED FROM PAGE 3

Dr. Smith authored or co-authored eight books, ten book chapters, four films and over 70 articles published in peer-reviewed journals. His book *Plastic Surgery: A Concise Guide to Clinical Practice* continues to be used in medical schools today.

In addition to his surgical skills, Dr. Smith also was known as a premier collector of antique penny arcade games and music machines. Dr. Smith continued to take an active interest in his hometown of East Liverpool, Ohio. He was instrumental in obtaining the site for the Lou Holtz/Upper Ohio Valley Hall of Fame and served as Chairman of the Board of Trustees since 1998. Jim Smith was a member of the Belle Haven and Round Hill Clubs.

Dr. Smith is survived by his wife, Nancy, as well as their five children: Lucinda, Judith, James, Constance and Peter. He is also survived by eleven grandchildren. Memorial contributions may be made to Columbia University College of Physicians and Surgeons in memory of James W. Smith, M.D.

Attending Surgeon at the New York Eye and Ear Infirmary. He was a member of the American College of Surgeons, the American Society of Plastic Surgeons and the Transplant Society. Dr. Casson was a knowledgeable, unflappable and cheerful instructor of many plastic surgery residents and fellows who will always remember his contributions to their education.

He is survived by his wife Rosemary and his daughters Nicole, Victoria and Lindsay.

of care and the costs of uninsured patients. Maybe the insurance company is counting on you to continue to perform the procedure in your office and eat the cost of the facility. In this scenario, the insurance company makes even more money because they don't have to pay the facility fee. Remember, the insurance company must reimburse the hospital and ambulatory surgery facility fees because they have certificates of need. Let us assume that you decide you don't want to absorb the facility cost and will perform the procedure in the hospital. Now what would happen if every physician decides the same thing and everyone moves their procedures to hospitals and ambulatory surgery centers. Is there enough space for everyone? Certainly not and, therefore, some of us would not be able to continue in our chosen profession. Is it possible that the hospitals (which are losing money hand over fist) are trying to force physicians into hospitals to perform procedures? If so, what could happen then? Maybe the hospital would mandate that all physicians with privileges would have to be a hospital staff physician. Wouldn't it be nice for the hospital to collect your surgical fee and pay you 30 cents on the dollar and collect the facility fee? Have you noticed that if you are a staff physician at certain NYC hospitals and decide to go into private practice, the hospital revokes the physicians' privileges? Why is that? Hmmmmmm.

Third, those of us who do not own operating facilities think "I don't own an OR and therefore I can't bill for its use and I don't care that so and so is unfairly targeted, I can't collect that money". Round three to the insurance companies and their use of the simple divide and conquer strategy. I urge you to rethink your response to these attacks. They may be picking on your brother/sister now, but I think it is fairly certain they will pick on you soon enough. When I was a third year medical student in 1989 our non-clinical medical professors told us that HMOs were coming. Our surgeon professors laughed at the unsophisticated medical students when we discussed this with them-it was ridiculous and would never happen. And look where we are now.

And for those of you with purely cosmetic practices that you conduct in your in-office operating suite, what will you do if the State decides that surgery can only be performed in a certificate of need facility? Last year, not a single certificate of need was issued to any facility state-wide. Do you think there is enough excess operating room time in hospitals and ambulatory surgery centers to accommodate all of us who will need it? Thank goodness some amongst us are working to avoid this possibility.

My point is that each of us is vulnerable and we need to stand together. It is not a dishonor to the medical profession to demand fair treatment at the hands of insurance companies. And we must advocate for sensible legislation that will not impede our ability to provide high quality medical care. It is my sincere hope that we will join together as physicians to fight these constant assaults by outside parties on the practice of medicine. The laughably unthinkable (like HMOs) can happen. One day your ability to deliver quality health care and your livelihood could be in jeopardy. An angel is not going to drop down from heaven and miraculously save the day. I hope you have supported your fellow physician brothers and sisters so they will be willing stand up for you.

"Continuity & fresh vitality are important aspects of every organization."

▶ CONTINUED FROM PAGE 1 of Verex Marketing for his excellent past services in initiating and hosting our website. Drs. Steven Wallach, Scott Abramson and Tracy Pfeifer were instrumental in this process.

Dr. Tracy Pfeifer has done a tremendous amount of hard work in editing our newsletter originally spearheaded by Dr. Frederick Lukash. Dr. Pfeifer has redesigned the newsletter, changed it to 4-color printing and updated the graphic design. She has also helped redesign the new web page. I am pleased to report that Dr. Pfeifer was nominated by our Executive Committee, and chosen from very significant competition, to serve on the ASPS Pathways to Leadership Program. Tracy has reported back on their agenda to us. Dr. John Vaccaro will be our nomination to this program for 2007.

Continuity and fresh vitality are important aspects of every organization. Consequently we are pleased that increasingly the leadership and responsibility of the Society are being addressed by younger members. Indeed we always welcome new members and new ideas to the Society, and the continued support of more senior colleagues. This year the Society's bylaws were amended to appoint a Executive Board of Trustees to

the Society who will have specific advisory capacities to the Executive Committee. We are fortunate that Drs. Jane Haher, Frederick Lukash, William Rosenblatt, Paul Weiss and Arthur Wise have accepted these rotating appointments. They bring years of dedication and experience to the Executive Board. Our society will be further strengthened by the inclusion of our visiting guest lecturers as corresponding members of our society. Finally, I wish to thank our executive director Ms. Victoria Morales who is truly the "glue" that binds our organization.

Ultimately the purpose of Society's is to serve the needs of its members. The New York Regional Society is one of the oldest and most active regional plastic surgery organizations. It has been a privilege and honor for me to serve as the 2006 President of the New York Regional Society of Plastic Surgeons.

(left to right)
Helen S. Colen, M.D. & Berish Strauch, M.D.
at the Spring 2006 meeting.

(background left to right)
Stephen R. Colen, M.D. & Donald Wood-Smith, M.D.

