

OakCare Business Expense and Reimbursement Policy - Revised 8/2016

Overview:

OakCare's business expense and reimbursement policies are based on and subject to the rules and requirements published by the Internal Revenue Service. These requirements are summarized in part as follows:

- Only expenses incurred in the ordinary and necessary course of business for a particular physician job and/or role are tax deductible for OakCare and reimbursable to an employee. Ordinary expenses are defined as the types of expenses that similar organizations incur and necessary is defined as appropriate or helpful to OakCare's business.
- A specific expense must have a business purpose and must be incurred while in the service of being an employee of OakCare.
- Documentation and substantiation of an expense must be in sufficient detail to satisfy IRS rules which require OakCare to identify the nature of each expense and to conclude the reimbursement is an appropriate business expense.
- Expense reimbursement requests must be submitted within a reasonable period of time as defined by the Internal Revenue Service. For continuing medical education ("CME"), requests for reimbursement must be submitted upon receipt of the CME certificate documenting credits earned. For business expenses, requests for reimbursement must be made within 60 days after the expense is paid.
- Expenses also cannot be considered "extravagant" as defined by the IRS.

Eligibility for Reimbursement:

Only regular benefited physician employees (≥ 0.5 FTE) are eligible for expense reimbursement. Contractors or non-employees are not eligible. Benefited physicians with less than a 1.0 FTE will have any annual limits for expense reimbursement prorated based on their FTE level.

Non-physician administrative employees will be reimbursed for expenses incurred on behalf of OakCare provided the expense was approved in advance by their Manager and/or COO.

Required Documentation:

The IRS has specific requirements for companies regarding documentation and substantiation of expenses that are necessary in order for OakCare to reimburse employees. Bank or credit card statements alone are not sufficient documentation. OakCare requires original itemized invoices/receipts for each expense reimbursement request. However, photocopies of monthly cell phone and internet invoices are acceptable. If the invoice/receipt does not show payment, then secondary evidence of payment (like a bank statement) would also be necessary. Reimbursement requests that are not submitted with the appropriate documentation will not be paid until the required documentation is submitted.

Continuing Medical Education Reimbursements:

CME-related reimbursement requests are subject to the same IRS business necessity and documentation/substantiation requirements as other business expenses. Additionally, OakCare requires evidence of CME credits earned (if applicable) to be included with all expense reimbursement requests for CME. Requests without evidence of CME credits earned will not be reimbursed.

It has become more common in recent years to have CME locations at a destination that appeals to the entire family. Family expenses are not reimbursable and OakCare must be able to identify costs associated with an employee. To the extent possible, do not bundle together reimbursable expenses with non-reimbursable expense that cannot be easily separated and documented.

A Special Word about Business Meals and Entertainment:

Meals with associates, tickets for events and similar expenses must be directly related to the conduct of OakCare business and your specific role to be reimbursable. Business topics must be discussed during the course of the meal or event, or immediately before or after the event. ITEMIZED receipts must include amount, date, place (if not on the receipt), names of attendees, and business purpose of the event. It is a lot of information to record but the IRS requires this level of detail.

Alcohol: The cost of a beverage with dinner will be reimbursed as part of the meal expense. Drinks not associated with a meal or taken at a bar will not be reimbursed unless there is a legitimate business purpose. As always, act responsibly with alcohol consumption.

Travel:

Travel-related expenses are substantially different from other business expenses and a separate form dedicated exclusively to these types of costs has been created. Reimbursement of travel expenses requires the submission of a Travel Expense Reimbursement Form along with itemized receipts - including an itemized hotel bill.

Personal Computers and Other Equipment:

Personal computers, tablets and other equipment purchases that are paid for or reimbursed by OakCare are the property of OakCare. OakCare property in the possession of an employee may be subject to return to OakCare in the event an employee leaves the organization.

Categorization of Business Expenses and Limits:

OakCare has developed four business expense categories to assist with tracking and monitoring business expenses. To the extent possible, expense reimbursement submissions need to correctly identify and categorize expenses into the appropriate category:

Category A: General Business Expenses. This category includes common business and travel expenses and is the category most employees will use for most non-CME related expenses. Examples include computer and other equipment purchases, software, cell phone charges, internet charges and employee umbrella insurance.

Limits: The maximum amount an individual employee can charge to this category is \$5,000 per calendar year for a 1.0 FTE. Computer purchases will be reimbursed once every 3 years while tablet and cell phone purchases will be reimbursed once every 2 years. The maximum reimbursement for cell phone charges is \$100 per month.

Category B: CME and Society Dues. This category is dedicated to all costs associated with Continuing Medical Education. Examples include medical books, subscriptions for medical journals and publications, registration fees for medical conferences; travel, lodging, meals, taxi costs at medical conferences, and secondary association dues.

Limits: The maximum amount an individual employee can charge to this category is \$3,000 per calendar year for a 1.0 FTE.

Category C: Corporate Expenses. This category is for expenses that will be charged to an OakCare corporate account and may not be commonly used by physicians. Examples of corporate expenses that physicians might charge to this category include state licensing fees, DEA license, and medical staff dues.

Category D: Department Expenses. This category is for expenses incurred on behalf of a Department and may not be commonly used by employees. Examples of department expense include department events and retreats, training, and awards. Expenses charged to the Department expense category require prior authorization of the Department Chair.

Filing Requirements:

OakCare has implemented Concur which allows for the electronic submission of reimbursement requests. When utilizing Concur, expense reports are generated online or by using an app on your phone or tablet. Photographs of receipts are utilized and attached to the expense report so that no paper is submitted. Concur is the preferred method of submitting for expense reimbursement and results in significantly quicker reimbursement to physicians. The use of Concur is not mandatory at this time. To gain access to Concur, contact Jesse Saputra jsaputra@oakcaremedical.com or 510-645-1163

Expense reimbursement requests can also be submitted using paper forms. A completed Business Expense Reimbursement Form along with original itemized receipts/documentation should be submitted to accounts payable. If travel was involved, then a Travel Expense Reimbursement Form must also be submitted. Reimbursement requests with appropriate documentation will be reimbursed usually within two (2) weeks.

Expense Reimbursement Summary Table

Updated January 2016

Policy Description	Category A: General Business Expenses	Category B: CME and Society Dues	Category C: Corporate Expenses	Category D: Department Expenses
General Description	This category includes common business expenses and travel not related to CME. These costs are charged to the employee's business expense fund.	This category is dedicated to all costs associated with CME, including travel. These expenses are charged to the employee's CME expense fund. If CME expenses exceed the annual limits detailed below, the excess amount will be applied to the employee's business expense fund if there are excess funds available.	This category is for expenses that will be charged to OakCare's corporate account and will not be frequently used by employees. Expenses in this category are <u>not</u> charged against an employee's business or CME funds.	This category is for expenses incurred on behalf of a Department and will not be commonly used by employees. Expenses in the category are <u>not</u> charged against an employee's business or CME funds. All expenses are charged to the Department and require prior approval of the Department Chair.
Examples of Permitted Expenses	Business meals and entertainment, tablets, computer and other equipment purchases, software, cell phone charges, internet charges, other expenses necessary to the practice of medicine, employee umbrella liability insurance, lab coats.	Medical books, subscriptions for medical journals and publications, registration fees for medical conferences; travel, lodging, meals, taxi to/from medical conferences; secondary association dues, medical CD's and DVD's.	Licensing fees, DEA license, medical staff dues.	Department events and retreats, training, and awards.
Examples of Expenses that are <u>NOT</u> permitted	Personal life and disability insurance policy premiums, subscriptions to non-medical journals and publications, spouse/significant other/family travel costs, pay per	Contributions/donations to associations or organizations, membership in non-medical associations, spouse/significant other/family travel costs, personal		

Policy Description	Category A: General Business Expenses	Category B: CME and Society Dues	Category C: Corporate Expenses	Category D: Department Expenses
	view movies in a hotel room, parking tickets and fines, personal entertainment, laundry services, charitable or political contributions.	entertainment like pay per view movies in a hotel room, spa services, gift shop purchases, charitable or political contributions.		
Expense Reimbursement Documentation Requirements	All reimbursement requests must come with an original itemized receipt. Receipts must show what was purchased and that the items were paid for. If payment is not noted on the receipt, secondary evidence like a bank statement or copy of a check denoting payment is also required. Photographs of receipts are acceptable if using Concur to submit for reimbursement.	Reimbursement requests for CME expenses that include travel and/or attendance at a class or seminar or online course requires evidence of CME Credits earned (i.e., CME certificate). All reimbursement requests must come with an original itemized receipt. Receipts must show what was purchased and paid for. If payment is not noted on the receipt, secondary evidence like a bank statement or copy of a check denoting payment is also required. Hotel reimbursement requests require an <u>itemized</u> hotel receipt. A credit card receipt alone is not sufficient documentation for hotel expenses. Photographs of receipts are acceptable if using	All reimbursement requests must come with an original itemized receipt. Receipts must show what was purchased and that the items were paid for. If payment is not noted on the receipt, secondary evidence like a bank statement or copy of a check denoting payment is also required. Photographs of receipts are acceptable if using Concur to submit for reimbursement.	All reimbursement requests must come with an original itemized receipt. Receipts must show what was purchased and that the items were paid for. If payment is not noted on the receipt, secondary evidence like a bank statement or copy of a check denoting payment is also required. Photographs of receipts are acceptable if using Concur to submit for reimbursement. Please include documentation (e.g., email exchange) of Department Chair prior approval at the time you submit for reimbursement.

Policy Description	Category A: General Business Expenses	Category B: CME and Society Dues	Category C: Corporate Expenses	Category D: Department Expenses
		Concur to submit for reimbursement.		
Annual Limits	Reimbursement is subject to the following limits: 1. \$5,000 maximum per 1.0 FTE per year 2. Computers reimbursed once every 3 years 3. New cell phones/ tablets will be reimbursed once every 2 years 4. Maximum reimbursement for monthly cell phone usage is limited to \$100 per month	Reimbursement is subject to the following limits: 1. \$3,000 maximum per 1.0 FTE per year	N/A	N/A
A Special word about Business Meals and Entertainment	Meals with associates, tickets for events, and similar expenses must be directly related to the conduct of OakCare business to be reimbursable. Business topics must be discussed during the course of the meal or event, or immediately before or after the event. Itemized receipts must include amount, date, place if not on the receipt, names of attendees, and business purpose of the event.	Meals with associates, tickets for events, and similar expenses must be directly related to the conduct of OakCare business to be reimbursable. Business topics must be discussed during the course of the meal or event, or immediately before or after the event. Itemized receipts must include amount, date, place if not on the receipt, names of attendees, and business purpose of the event.	N/A	N/A

Policy Description	Category A: General Business Expenses	Category B: CME and Society Dues	Category C: Corporate Expenses	Category D: Department Expenses
<p>Filing Requirements</p>	<p>OakCare requests that Concur be used to submit for expense reimbursement. Contact Jesse Saputra jsaputra@oakcaremedical.com for access to Concur.</p> <p><u>Paper Submissions:</u> For Non-Travel related reimbursement requests: Submit <u>Business Expense Reimbursement Form</u>. For travel-related reimbursement requests: submit a <u>Travel Expense Reimbursement Form</u> along with supporting documentation.</p> <p>Reimbursement requests received after December 10th will be processed after the end of the year and the costs will be applied to business expense funds from the following year.</p> <p>Paper reimbursement requests with appropriate documentation will be reimbursed usually within two (2) weeks while Concur</p>	<p>OakCare requests that Concur be used to submit for expense reimbursement. Contact Jesse Saputra jsaputra@oakcaremedical.com for access to Concur.</p> <p><u>Paper Submissions:</u> For Non-Travel related reimbursement requests: Submit <u>Business Expense Reimbursement Form</u>. For travel-related reimbursement requests: submit a <u>Travel Expense Reimbursement Form</u> along with supporting documentation.</p> <p>Reimbursement requests received after December 10th will be processed after the end of the year and the costs will be applied to business expense funds from the following year.</p> <p>Paper reimbursement requests with appropriate documentation will be reimbursed usually within two (2) weeks while Concur</p>	<p>OakCare requests that Concur be used to submit for expense reimbursement. Contact Jesse Saputra jsaputra@oakcaremedical.com for access to Concur.</p> <p><u>Paper Submissions:</u> Reimbursement requests: Submit <u>Business Expense Reimbursement Form</u>. Note to mark the correct expense category on the reimbursement form.</p> <p>Reimbursement requests received after December 10th will be processed after the end of the year.</p> <p>Paper reimbursement requests with appropriate documentation will be reimbursed usually within two (2) weeks while Concur reimbursement requests will be reimbursed within 3 days.</p>	<p>OakCare requests that Concur be used to submit for expense reimbursement. Contact Jesse Saputra jsaputra@oakcaremedical.com for access to Concur.</p> <p><u>Paper Submissions:</u> For Non-Travel related reimbursement requests: Submit <u>Business Expense Reimbursement Form</u>. For travel-related reimbursement requests: submit a <u>Travel Expense Reimbursement Form</u> along with supporting documentation.</p> <p>Reimbursement requests received after December 10th will be processed after the end of the year.</p> <p>Paper reimbursement requests with appropriate documentation will be reimbursed usually within two (2) weeks while Concur reimbursement requests will be reimbursed within 3 days.</p>

Policy Description	Category A: General Business Expenses	Category B: CME and Society Dues	Category C: Corporate Expenses	Category D: Department Expenses
	reimbursement requests will be reimbursed within 3 days.	reimbursement requests will be reimbursed within 3 days.		
Review and Authorization	Accounts Payable will review each request for reimbursement for compliance with IRS requirements. Reimbursement requests that are not compliant with OakCare and IRS requirements will not be approved.	Accounts Payable will review each request for reimbursement for compliance with IRS requirements. Reimbursement requests that are not compliant with OakCare and IRS requirements will not be approved.	Accounts Payable will review each request for reimbursement for compliance with IRS requirements. Reimbursement requests that are not compliant with OakCare and IRS requirements will not be approved.	Accounts Payable will review each request for reimbursement for compliance with IRS requirements. Reimbursement requests that are not compliant with OakCare and IRS requirements will not be approved.