

TAX RISK ASSESSMENT FOR HEALTH SYSTEMS

experience **support** // Tax-exempt health care organizations have become increasingly complex, which in turn exposes greater levels of tax risk and requires increasingly complex tax strategies. The increased complexity comes from the prevalence of taxable subsidiaries and joint ventures, as well as the diversity of business lines and contractual arrangements. Your stakeholders may be wondering what you're doing to identify existing and emerging tax risks. Are you monitoring enterprise risks and protecting your tax-exempt status? Are your current risk management practices, including internal audit processes, effectively addressing these risks? We can help. BKD National Health Care Group has specialized skills and expertise to **help your organization assess risk exposure, develop a systemwide tax strategy and demonstrate fiscal responsibility, foresight and accountability to stakeholders.**



TAX RISK ASSESSMENT

BKD uses a risk-scoring methodology to help management focus on high-risk tax issues in the following tax areas:



- Provide independent, objective assurance
- Communicate findings and recommendations to management
- Help develop action plans to address identified issues
- Follow up on implementation of action plans
- Call on subject matter specialists to offer deeper knowledge, experience and insight

THE BENEFITS OF TAX RISK ASSESSMENT

BOARD/MANAGEMENT ASSURANCE // Help you remain confident your organization has complied with applicable tax laws

RISK IDENTIFICATION // Notify you of potential tax risk areas as well as procedures that can help reduce risk

INTERNAL EDUCATION // Educate the leaders within your health system on important IRS focus areas

TAX PLANNING // Identify opportunities to manage tax risk and reduce tax liabilities

AUDIT PREPARATION // Be better prepared to respond to possible IRS inquiries

DUE DILIGENCE // Utilize a customized tax risk assessment process to provide due diligence for potential transactions

Through questionnaires, face-to-face interviews and document review, our professionals can:

- Evaluate and suggest ways to improve compliance with tax laws, regulations and policies

590 ADVISORS

Experience a clear point of view from approximately 590 professionals focused on the health care industry.

SPECIALIZED SKILLS & EXPERTISE

BKD's extensive national resources include:

- Health care tax consultants
- Auditors and internal auditors
- Form 990 advisors
- Physician services advisors
- State and local tax consultants
- Compensation and benefits tax advisors
- Internal controls and risk assessment specialists
- IT professionals
- Employee benefit plan auditors
- Tax advisory consultants
- International tax specialists

TAX & REGULATORY RISKS

Physician relationships and contractual arrangements pose both tax and regulatory risks to health care organizations. The U.S. Office of Inspector General has heightened its focus on prosecuting compensation arrangements that don't reflect fair market value and recently levied several significant settlements for Stark Law and Anti-Kickback Statute violations.

BKD's team of tax advisors and physician services consultants review physician-related transactions to help you assess overall risk and identify

discrepancies between contractual agreements and the way those agreements are implemented, reported and paid in areas such as:

- Compensation
- Employment contracts
- Medical directorships
- Fringe benefits
- Loan agreements
- Professional service arrangements
- Rental agreements
- Expense allocations
- Leased employees
- Joint ventures

OTHER TAX RISK MANAGEMENT SERVICES

BKD provides a range of tax compliance and advisory services to assist hospitals and health systems manage risk. Our tax professionals can help:

- Complete tax exemption applications and private letter ruling requests and assist with IRS or state examinations
- Prepare and/or review tax returns and offer training and related assistance
- Develop and maintain effective post-issuance compliance for tax-exempt bonds, including private business use calculations



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