


Adopted by: 	Policy Title: Physician Expense Reimbursement Policy
Specialty(ies) / Division(s) Affected: All	Policy Subtitle (if applicable): N/A  Policy No.: PHYS-021
Original Effective Date (Date of Board Approval): 7/19/2022	Issuing Department or Committee: Physician Accounting Department
Last Review Date: 7/19/2024	Review Committee (if applicable): N/A
Unless otherwise specified, all employees of Texas Oncology, PA (including all specialties and divisions) are bound by this policy.	

## 1. PURPOSE

To provide Texas Oncology physicians the process for incurring, reporting and requesting reimbursement of Necessary and Reasonable” expenses resulting from the performance of Texas Oncology business activities. Physicians are to be reimbursed only for business expenses that benefit Texas Oncology and its physician practices. Reimbursement will not be provided for expenses determined to be personal expenses.

1.1 Business expenses incurred by Texas Oncology physicians will typically fall into one of the 4 categories below:

- 1.1.1 5% Expenses Reimbursable
- 1.1.2 Non - 5% Expenses Reimbursable
- 1.1.3 Non-Reimbursable or Denied Expenses
- 1.1.4 Coverage and Outreach

## 2. DEFINITIONS

2.1 **5% Reimbursement Allowance** –Total year to date (YTD) amount available to the physician for reimbursement of eligible and approved 5% Expenses. The amount is calculated as 5% of the physician’s YTD eligible compensation which includes salary or draw, seniority compensation, retainage pay, annual bonus, research pay and director compensation.

2.2 **5% Expenses** – “Ordinary and necessary” business expenses as defined under IRS guidelines that are eligible for reimbursement to physician that are not subject to federal tax withholding. Texas Oncology uses the “accountable plan” method for 5% Expenses Reimbursable.

2.3 **Necessary and Reasonable** – An ordinary and necessary expense defined under IRS guideline is common and accepted in the health care industry. A necessary expense is one that is helpful and appropriate for your individual medical practice such as business use of personal cell phone. An expense does not have to be indispensable to be considered necessary.

2.4 **Accountable Plan** – “Amounts treated as paid under an accountable plan are excluded from the employee’s gross income, are not reported as wages or other compensation on the employee’s Form W–2 and are exempt from the withholding and payment of employment taxes (Federal Insurance Contributions Act (FICA), Federal Unemployment Tax Act (FUTA).”

2.5 **Non - 5% Expenses Reimbursable** – “Ordinary and necessary” business expenses defined under IRS guideline is common and accepted in the health care industry. A necessary expense is one that is helpful and appropriate for the TxO group medical practice such as a recruiting dinner for a prospective new physician.

2.6 **Non-Reimbursable or Denied Expenses** – Business expenses that do not qualify as tax deductible business expenses under IRS guidelines.

Texas Oncology – For Internal Use Only

Policy Title: Physician Expense Reimbursement Policy

Policy No.: PHYS-021

Page 1 of 7

Template Version: 09/29/2021

### 3. POLICY

- 3.1. Physicians are to use the rule of reason in seeking reimbursement for expenses.
- 3.2. This policy applies to expenses reimbursed solely by Texas Oncology as well as expenses reimbursed by Texas Oncology and charged to the physician's 5% reimbursement allowance.
- 3.3. **Reimbursement Requests:**
  - 3.3.1. Reimbursement requests should be summarized on an Expense Reimbursement Coversheet (see 4.1).
  - 3.3.2. Scanned copies of receipts, along with the Expense Reimbursement Coversheet are to be sent to [PhysicianExpenses@usoncology.com](mailto:PhysicianExpenses@usoncology.com).
  - 3.3.3. Reimbursement submissions are processed within 7 days.
  - 3.3.4. Reimbursement will be processed as a direct deposit to your main bank account on file with payroll.
  - 3.3.5. Physicians will be notified of the direct deposit via e-mail.
  - 3.3.6. Physicians are encouraged to submit reimbursement requests every 30 days if possible, or at the least every 60 days.
  - 3.3.7. Designated individuals within Texas Oncology will review reimbursement requests to verify supporting documents and approvals, if appropriate, and to ascertain mathematical accuracy.
  - 3.3.8. Reimbursement requests that are not adequately documented with supporting receipts and the appropriate documentation will not be processed.
- 3.4. **Approvals and Documentation:**
  - 3.4.1. Texas Oncology reimbursement (non 5% reimbursement requests) and non-compliant requests are approved by Texas Oncology's Vice President of Finance/Controller.
  - 3.4.2. Shareholder and associate 5% reimbursement requests do not require additional approval. Reimbursement requests for expenses over \$25.00 must be accompanied by supporting documents acceptable under IRS guidelines.
    - 3.4.2.1. Credit card statements or cancelled checks are not acceptable documentation for reimbursement except in situations where receipts are not normally obtainable.
    - 3.4.2.2. Documentation of expenses, including 5% reimbursement allowance must include:
      - 3.4.2.3. Amount of expenditure.
      - 3.4.2.4. Name(s), company affiliation(s) and business relationship(s) of person(s) entertained.
      - 3.4.2.5. Time, date, place and description of entertainment.
      - 3.4.2.6. Specific business purpose or business benefit derived.
- 3.5. **Reimbursable 5% Expenses:**
  - 3.5.1. Automobile expenses:
    - 3.5.1.1. When traveling on Texas Oncology related business, physicians may be reimbursed at the current IRS mileage rate for business related mileage or the physician may use the actual expense method.
    - 3.5.1.2. Actual expenses include:
      - 3.5.1.2.1. Lease payments.
      - 3.5.1.2.2. Depreciation on the automobile (subject to annual limits).
      - 3.5.1.2.3. Gasoline.
      - 3.5.1.2.4. Oil.
      - 3.5.1.2.5. Insurance.
      - 3.5.1.2.6. Parking.
      - 3.5.1.2.7. Registration.
      - 3.5.1.2.8. Automobile repairs.
    - 3.5.1.3. IRS regulations require that you must have documentation to support the business use of your automobile.

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Texas Oncology – For Internal Use Only

Policy Title: Physician Expense Reimbursement Policy

**Policy No.: PHYS-021**

Page 2 of 7

Template Version: 09/29/2021

- 3.5.1.4. Reimbursement is based on the percentage a physician uses their automobile for business purposes not including commuting.
  - 3.5.1.5. The business percentage a physician uses their automobile cannot be 100% as commuting mileage is not business related.
  - 3.5.1.6. Toll tags are reimbursable only to the extent that a physician uses their automobile for business related travel.
  - 3.5.1.7. Purchase of an automobile is reimbursed for the allowable IRS depreciation (assuming the automobile is used more than 50% for business purposes) based on the IRS's luxury auto rules and current IRS rules and regulations.
  - 3.5.1.8. Lease of an automobile is reimbursed for the monthly lease payment times the percentage the physician uses their automobile for business purposes.
  - 3.5.1.9. Up-front lease payments are reimbursable as per 3.7.1.8.; however, the reimbursement is amortized over the life of the lease.
  - 3.5.1.10. To comply with the IRS inclusion rules regarding leased luxury automobiles, Texas Oncology is required to report, as part of the physician's W-2 compensation, an amount that, in effect, reduces lease deductions for automobiles having an initial fair market value in excess of a specified amount.
  - 3.5.1.11. The specified amount depends upon when the leased car was first placed in service and the actual amount reported as W-2 compensation is determined based on IRS tables.
- 3.5.2. Telephone/Internet/Computer**
- 3.5.2.1. Business related long-distance charges, while out of town, are reimbursable.
  - 3.5.2.2. Basic monthly charges, metered charges for cell phones and on-line service charges are reimbursable to the extent used for business purposes.
  - 3.5.2.3. Reimbursement for the business use of home computers and internet service is limited to 50% of the expense.
- 3.5.3. Entertainment**
- 3.5.3.1. Entertainment expenses are not allowed for:
    - 3.5.3.1.1. An activity generally considered to be entertainment, amusement or recreation Membership dues for any club organized for business, pleasure, recreation or other social purposes.
    - 3.5.3.1.2. A facility used in connection with any of the above.
    - 3.5.3.1.3. Entertaining other TxO physicians, except in connection with physician recruitment.
    - 3.5.3.1.4. Entertaining a TxO physician's spouse and/or the spouse of a non-TxO physician unless there was a specific business purpose.
    - 3.5.3.1.5. Personal or social purposes.
    - 3.5.3.1.6. In-home entertainment.
- 3.5.4. Travel**
- 3.5.4.1. Reasonable expenditures for entertaining physicians will be reimbursed from the physician's 5% reimbursement allowance.
  - 3.5.4.2. Proper IRS documentation requirements include:
    - 3.5.4.2.1. Name(s).
    - 3.5.4.2.2. Title(s).
    - 3.5.4.2.3. Company affiliation(s).
    - 3.5.4.2.4. Business purpose.
    - 3.5.4.2.5. Specific nature of the business discussed.
  - 3.5.4.3. For federal tax purposes, Texas Oncology can only deduct 50% of food and beverage expenses and the expenses outlined in section 3.11 of this policy are not deductible.
  - 3.5.4.4. Travel expenses must be "ordinary and necessary" and incurred while traveling away from home in pursuit of TxO business.

- 3.5.4.5. To be “directly related”, an expense must involve an event, meal, etc., that is conducted in a clear business setting and is relevant to the active conduct of a trade or business.
- 3.5.4.6. An “associated with” expense is one that involves an event (not necessarily in a clear business setting) that is immediately preceded, or followed by, a significant business discussion or meeting.
- 3.5.4.7. The activity must have a specific business purpose and cannot be a general purpose such as promotion or goodwill.
- 3.5.5. Meals**
  - 3.5.5.1. Scanned copies of original receipts (itemized receipts in addition to the credit card receipt) for meals should be attached to the reimbursement request.
  - 3.5.5.2. Meals for “chart rounds” and/or staff must include names of all attendees or a copy of the sign in sheet.
  - 3.5.5.3. The cost of meals is a tax-deductible travel expense only if the physician is “away from home” in connection with Texas Oncology related business.
  - 3.5.5.4. “Away from home” is generally defined as outside the metropolitan area in which the physician lives.
- 3.5.6. Hotel Bills**
  - 3.5.6.1. Detailed hotel bills which itemize all charges must be submitted
  - 3.5.6.2. Hotel bill charges must be itemized to the respective categories on the reimbursement requests.
  - 3.5.6.3. Meals charged to the hotel bill must be individually itemized by type of meal (breakfast, lunch or dinner).
- 3.5.7. CME Conferences and Seminars**
  - 3.5.7.1. Expenses for out-of-town CME conferences and/or seminars must include:
    - 3.5.7.1.1. Name of seminar
    - 3.5.7.1.2. Location of seminar
    - 3.5.7.1.3. Copy of the conference/seminar brochure including the date of the seminar
    - 3.5.7.1.4. Itemized hotel bill.
  - 3.5.7.2. If a spouse or significant other and/or family member(s) accompanies a physician to a conference/seminar their expenses including airfare and meals are not reimbursable by TxO and should be excluded from the reimbursement request.
  - 3.5.7.3. If a trip is primarily for business purposes, the expenses of travel and any business-related expenses are reimbursable.
  - 3.5.7.4. If a trip is primarily for personal reason, then the entire cost of the trip is a non-reimbursable personal expense, however any expenses directly related to business are reimbursable.
- 3.5.8. Business Gifts**
  - 3.5.8.1. Business gifts, including gifts to staff and referring physicians are reimbursable subject to the limits stated in this section.
    - 3.5.8.1.1. Reimbursement requests for business gifts must include:
    - 3.5.8.1.2. Amount of the expenditure of each gift.
    - 3.5.8.1.3. Name(s) of the person(s) receiving the gift.
    - 3.5.8.1.4. Title(s) of the person(s) receiving the gift.
    - 3.5.8.1.5. Company affiliations of the person(s) receiving the gift.
    - 3.5.8.1.6. Reimbursement for business gifts to non-employees are limited to no more than \$25.00 per recipient per tax year and are not deductible to TxO for federal income tax purposes.
  - 3.5.8.2. Business gifts to employees of cash, or gift cards are not reimbursable.
  - 3.5.8.3. Business gifts to employees that are not convertible to cash are subject to an annual \$100 per employee limitation.

- 3.5.8.4. Non-cash or non-gift card business gifts to employees, up to \$100 per employee, are reimbursable.
- 3.5.9. **Charitable Contributions**
  - 3.5.9.1. Charitable contributions are not reimbursable except as outlined by the Charitable Sponsorships policy.
  - 3.5.9.2. Payments to not-for-profit charitable entities whose missions are related to cancer or are otherwise approved by TxO, are reimbursable if they qualify as a marketing expense and a Charitable Sponsorship.
- 3.5.10. Marketing, advertising and/or promotional type expenses must meet the following criteria:
  - 3.5.10.1. Signage at the event.
  - 3.5.10.2. Recognition in the event invitation/event program or the not-for-profit's newsletter, website, etc.
  - 3.5.10.3. Other type of recognition before, during or after the event.
  - 3.5.10.4. Distribution of promotional materials about the TxO practice or physician sponsoring the event.
- 3.5.11. Reimbursable charitable contributions will be charged to the physician's 5% reimbursement allowance.
- 3.5.12. Political candidate or political party contributions, including in-kind contributions, are not reimbursable.
- 3.5.13. **Artwork**
  - 3.5.13.1. Valuable artwork is not deductible by TxO for federal tax purposes and is not reimbursable.
- 3.5.14. **Foreign Travel**
  - 3.5.14.1. Determining reimbursement for foreign travel is complicated and depends on the length of time outside the United States and the time spent on business versus time spent on non-business.
  - 3.5.14.2. Depending on facts and circumstances, 100% of foreign travel expenses may not be reimbursable.
  - 3.5.14.3. Physicians should confirm with TxO's controller prior to scheduling any foreign travel.
  - 3.5.14.4. Cruise ship expenses to be deductible by TxO and therefore reimbursable requires that:
    - 3.5.14.4.1. The vessel must be registered in the United States.
    - 3.5.14.4.2. All ports of call must be in the United States or United States possessions.
    - 3.5.14.4.3. Maximum deduction for shipboard meetings is limited to twice the allowable per diem rate for the period of travel with an annual cap of \$2,000.
- 3.6. **Reimbursable Non - 5% Expenses:**
  - 3.6.1. **Dues and Fees**
    - 3.6.1.1. The portion of medical association dues to the following organizations that relate to political or lobbying expenses are not deductible by TxO and therefore not reimbursable:
      - 3.6.1.1.1. County Medical Societies (or other similar medical societies).
      - 3.6.1.1.2. The Texas Medical Association.
      - 3.6.1.1.3. The American Medical Association.
      - 3.6.1.1.4. TEXPAC
      - 3.6.1.1.5. AMPAC
  - 3.6.2. **Licensing and fees.**
    - 3.6.2.1. The following dues and fees are reimbursable by TxO and will not be charged against the physician's 5% reimbursement allowance:
    - 3.6.2.2. Texas medical license.
    - 3.6.2.3. DPS fees.

- 3.6.2.4. DEA fees.
- 3.6.2.5. Medical staff fees.
- 3.6.3. **Board Specialty Exams**
  - 3.6.3.1. Board specialty exam fees are reimbursable.
  - 3.6.3.2. Board specialty exam fees are not charged to the 5% reimbursement allowance assuming the physician successfully completes the exam(s).
  - 3.6.3.3. Board specialty exam fees submitted for reimbursement prior to a physician being notified if they successfully completed the exam are charged to the physician's 5% reimbursement allowance pending results from the exam.
  - 3.6.3.4. It is the physician's responsibility to notify TxO of the successful completion of the exam(s) so that the expense(s) can be added back to their 5% reimbursement allowance.
  - 3.6.3.5. Board specialty exam expenses, other than the exam fee, are chargeable to the 5% reimbursement allowance.
- 3.6.4. **Physician Recruitment**
  - 3.6.4.1. Reasonable expenditures for physician recruitment dinners will be reimbursed.
  - 3.6.4.2. Proper IRS documentation requirements include:
  - 3.6.4.3. Scanned copies of original receipts (itemized receipts in addition to the credit card receipt) for meals should be attached to the reimbursement request.
  - 3.6.4.4. Name(s) of all attendees.
- 3.7. **Expense Denials**
  - 3.7.1. If a physician submits a reimbursement request that is not reimbursable under TxO's policy or if proper documentation is not submitted, the request will be processed without reimbursement of the item in question.
  - 3.7.2. If appropriate, a physician may resubmit, via a new reimbursement request, the item with the proper documentation.
- 3.8. **Coverage/Outreach**
  - 3.8.1. One-way mileage to the coverage/outreach must exceed 40 miles.
  - 3.8.2. One-way mileage to the coverage/outreach less than 40 miles one-way can be reimbursed as part of the 5% reimbursement allowance.
  - 3.8.3. Per diem compensation for physicians for travel time is:
    - 3.8.3.1. 40 – 75 miles - \$500
    - 3.8.3.2. 76-120 miles - \$750
    - 3.8.3.3. +120 miles - \$1,500
  - 3.8.4. Mileage for coverage/outreach is not reimbursable but rather reimbursed from the physician's 5% reimbursement allowance.
  - 3.8.5. Physicians must submit an Outreach Compensation Request form to [TXOPhysiciansAccounting@usoncology.com](mailto:TXOPhysiciansAccounting@usoncology.com)
  - 3.8.6. Meals related to coverage/outreach are reimbursable for trips that require an overnight stay.
  - 3.8.7. Meals related to coverage/outreach not requiring an overnight stay are charged to the physician's 5% reimbursable allowance.
  - 3.8.8. If a spouse or significant other and/or family member(s) accompanies a physician for coverage/outreach, their expenses, including airfare and meals are not reimbursable and should be excluded from the reimbursement request.
  - 3.8.9. Non-allowable Expenses (not all-inclusive):
    - 3.8.9.1. Personal entertainment not related to TxO's or the physician's practice.
    - 3.8.9.2. Fines for parking and traffic violations.
    - 3.8.9.3. Traffic accident expenses.
    - 3.8.9.4. Personal accounting, tax, financial consulting and legal services.
    - 3.8.9.5. Babysitter.

- 3.8.9.6. Pet sitter and/or pet boarding.
- 3.8.9.7. Hospital meal charges.
- 3.8.9.8. Personal contributions to museums, public television, etc.
- 3.8.9.9. Subscriptions to non-medical magazines, newsletters or newspapers.
- 3.8.9.10. Dues to business, social, athletic, luncheon, sporting, airline and/or hotel clubs.
- 3.8.9.11. Laundry and/or dry cleaning except for lab coats and scrubs.
- 3.8.9.12. Private aircraft related to entertainment.

#### 4. REFERENCES OR RELATED DOCUMENTS

- 4.1. Ordinary and Necessary - <https://www.irs.gov/pub/irs-pdf/p535.pdf>
- 4.2. Accountable Plan - <https://www.govinfo.gov/content/pkg/CFR-2005-title26-vol2/pdf/CFR-2005-title26-vol2-sec1-62-2.pdf>
- 4.3. Approvals and Documentation - <https://www.irs.gov/businesses/small-businesses-self-employed/what-kind-of-records-should-i-keep>
- 4.4. Travel - [2021 Publication 463 \(irs.gov\)](https://www.irs.gov/publications/p463) and <https://www.irs.gov/taxtopics/tc511>
- 4.5. Business Gifts - <https://www.irs.gov/pub/irs-pdf/p463.pdf>
- 4.6. Automobile expenses [2021 Publication 463 \(irs.gov\)](https://www.irs.gov/publications/p463) and <https://www.irs.gov/taxtopics/tc511>