

SOM- Department of Obstetrics and Gynecology	TITLE: PPG Cell Phone Policy	Policy: FI012
Department Guideline	Date: October 18, 2005	Rev. 0
Approvals:		
Chairman/Date	Dept. Manager/Date	

**Physicians Practice Group
Policies and Procedures**

**Department: Accounting
Subject: Cellular Phones**

**Board Policy: 12-09-88
Revised: 09-26-97
Effective Date: 10-01-97**

Purpose:

To provide a mechanism for the purchase of cellular phones and the payment of business related monthly cellular phone utilization fees.

General Information:

The IRS allows an organization to pay for certain business expenses that are determined to be “ordinary and necessary”, and that are “directly connected with or pertaining to” the business of the organization. An expense is *ordinary* if it is customary or usual in the organization’s business. A *necessary* expense is one that is appropriate and helpful in developing and maintaining the organization’s business.

Cellular phones have become a commonly used tool by many physicians to increase their accessibility to patients, consulting physicians and the physicians’ office staff. Cellular phones also provide an effective means through which to reach physicians in emergency situations. Likewise, individuals in business utilize cellular phones to increase the ability to communicate while away from the office.

Policy:

On December 9, 1988, the PPG Board of Trustees approved a recommendation from the PPG Cellular Phone Committee to allow the payment of cellular phone expenses by PPG, (BOT minutes attached). The policy and procedure is being revised in 1997 to address changes in the cellular phone industry as well as to clarify the procedures so that they conform with IRS regulations regarding the payment of business expenses.

It is the policy of PPG to pay for the cellular phone equipment, installation (if necessary), and the lowest monthly base rate for 60 minutes of service if the cellular phone is required for business purposes. Any personal use of the phone, including a prorated portion of the base rate, must be paid by the individual.

Because each clinical department’s circumstances differ regarding the need for cellular

phones, the Board of Trustees agreed in 1988 that decisions on service and equipment be made on a departmental basis and be the responsibility of the Chairman.

Procedure:

The following procedure will make a distinction between two different types of cellular phones: (1) Departmental phones shared by residents and physicians while on call, and (2) Individual phones used for business and personal calls.

Departmental Phones - Phones purchased by a Department to be used by physicians and residents while on call.

Purchase and Installation of Departmental Cellular Phones:

If the Department purchases the cellular phone, the phone becomes the property of MCG. If the phone is assigned to a specific individual, the individual must return the phone to the Department when the individual's employment with MCG terminates or when the employee's job no longer requires access to a cellular phone. It is the department's responsibility to ensure that this procedure is administered.

Oftentimes cellular phone vendors will offer free phones as a promotion to new customers. In this case, the free phone is considered to be the property of MCG.

Departments are encouraged to use hand-held or bag phones, as these phones are often free, require no installation fee, and can be easily shared within a department. When an individual terminates, hand-held and bag phones can be returned to the department with the greatest ease. In the case where a department opts to purchase a phone that must be installed, PPG can pay for the installation. These "installed" phones must be returned to the department when the individual terminates from MCG.

The invoice for the purchase and installation of the phone should be attached to a Remittance Authorization and submitted to PPG Accounting for payment.

See Attachment 1 for procedures specific to Powertel phones.

Monthly Cellular Phone Utilization Fees for Departmental Phones:

PPG has made arrangements with Alltel and Cellular One to receive corporate rates for cellular phones. The prices and terms vary slightly between the two vendors.

The following terms should be arranged with the vendors:

1. The account should be listed in PPG's name but should also be identified by the group using the phone, (ex: PPG - Medicine/Cardiology).
2. The billing address should be the department's or section's address. The billing address should not be the PPG Business Office or an individual's home address.
3. The vendor should be instructed to provide a *detailed* bill. This provides the section or department with the information necessary to differentiate between business and personal phone calls.
4. The corporate base rate for 60 minutes airtime is the allowable option under the PPG policy. Any option over the 60 minute base rate must be approved by the Chairman as an exceptional circumstance.

The monthly cellular phone bill should be attached to a PPG Remittance Authorization and forwarded to PPG Accounting for payment. PPG will pay the total cellular phone bill to the vendor. If the cellular phone has been used for personal calls, the personal calls should be clearly identified on the bill and the Department should have the individual write a personal check to PPG for the amount of the personal calls. If the personal calls fall within the "base" time period, a proration of the base should be calculated to determine the portion of the base rate that should be paid by the individual.

Individual Phones - Phones purchased by individuals to be used for business and personal phone calls.

Purchase and Installation of Individual Cellular Phones:

Phones purchased by individuals remain the property of the individual. PPG will not reimburse the individual for the purchase of the cellular phone or the installation fee.

Oftentimes cellular phone vendors will offer free phones as a promotion to new customers. In this case, the free phone is considered to be the property of the individual.

The invoice for the purchase and installation of the phone should be billed to the individual for payment.

See Attachment 1 for procedures specific to Powertel phones.

Monthly Cellular Phone Utilization Fees for Individual Phones:

PPG has made arrangements with Alltel and Cellular One to receive corporate rates for cellular phones. The prices and terms vary slightly between the two vendors. In the case of individual phones, Alltel requires an approval from the Departmental Manager in order to receive the corporate rate.

The following terms should be arranged with the vendors:

1. The account should be listed in the individual's name.
2. The billing address should be the individual's home address. The billing address should not be the PPG Business Office or the Department/Section address.
3. If the individual plans to be reimbursed for business phone calls, the vendor should be instructed to provide a *detailed* bill. This option provides the individual with the information necessary to differentiate between business and personal phone calls.

When the monthly detailed bill is received by the individual, the total bill should be paid directly to the vendor by the individual. The bill should then be reviewed to identify business phone calls. Any business calls should be clearly identified on the bill and the cost of the calls calculated. If the business calls fall within the "base" time period, a proration of the base should be calculated to determine the portion of the base rate that should be reimbursed by PPG.

The monthly cellular phone bill clearly identifying business calls and a copy of the individual's cancelled check should be attached to a PPG Remittance Authorization and forwarded to PPG Accounting for payment. PPG will reimburse the individual for the business phone calls and any prorated business portion of the base rate.

Note: It is strongly encouraged that individuals submit reimbursement requests on a quarterly basis versus monthly. This will help reduce the cost of processing cellular reimbursement requests.

Cellular Phones and Taxable Income

Because IRS rules require PPG to report as taxable income any benefits provided to PPG members and employees, it is the individual's responsibility to ensure that only business phone calls are reimbursed to the individual.