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Medical groups say new BCBS rates to force cuts

BY JIMMY DEBUTTS | STAFF

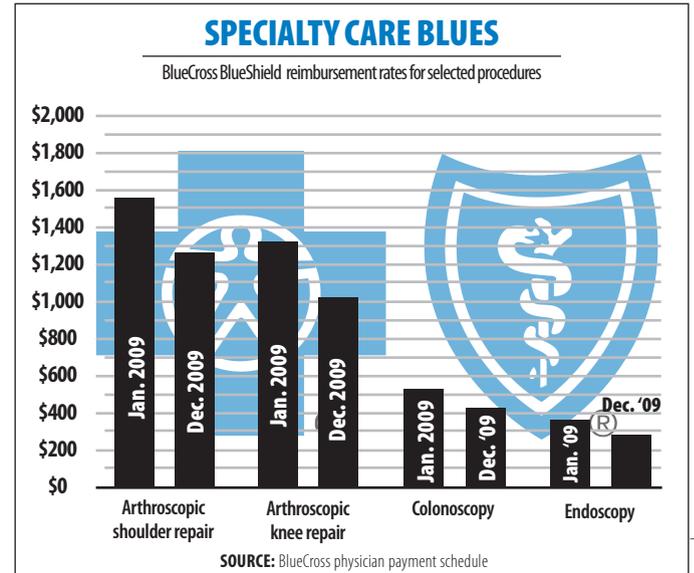
BlueCross BlueShield of Alabama's new reimbursement rates may result in some specialty medical clinics cutting jobs, employee benefits or hours.

BlueCross recently adopted new payment methodology and coding systems that industry experts say will pay primary physicians more and specialists less. Reduced fees could force some specialty clinic administrators to restructure their businesses to offset anticipated revenue losses.

The Birmingham-based health insurer's new reimbursement rates will go into effect Dec. 1. Outpatient medical clinic administrators are projecting significant revenue drops stemming from reduced payments from BlueCross.

Tough choices must be made, according to clinic administrators who would only discuss BlueCross' cuts on the condition of anonymity. BlueCross controls 96 percent of the small-group insurance mar-

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BOB FANLEY | RPH/OLO/ONG

The bulldog

Samford University's Bulldog Investment Fund, led by David Wallen and his fellow students, has beaten major indexes, despite the recession. SEE Page 9.

Birmingham's newest banks facing more federal scrutiny

BY CRYSTAL JARVIS | STAFF

Birmingham-area de novo banks – new banks less than three years old – must adhere to new rules that could hinder their profits and affect their investors.

To clamp down on rapid and risky growth at young state-chartered banks, the Federal Deposit Insurance Corp. changed its primary de novo bank maxim – instead of three years, the banks will be classified as a new bank for seven years.

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THE YOUNG ONES

Net losses at de novo banks through the second quarter

	Net loss 2Q 2009	Net loss 2Q 2008
SouthCity Bank	(\$287,000)	(\$876,000)
Southern States Bank	(\$25,000)	(\$1 million)
Oakworth Capital Bank	(\$307,000)	(\$2.4 million)

SOURCE: FDIC

NEW COMPANY HEADQUARTERS

Analysts: Walter Energy positioned for growth as steel market picks up

BY LAUREN B. COOPER | STAFF

When Walter Energy Inc. lands in its new hometown of Birmingham next year, the company will be poised to take advantage of a booming global steel market recovery.

The \$1.2 billion company anticipates increased production through an expan-

sion in January 2010 to meet increasing demand in Europe and South America, while stockpiling some 150 million tons of coal in its reserves.

So now, with its home building and financing divisions shed, investors and analysts are beginning to recognize the significance of this "pure play" natural

resources company and the role its high-quality coal – mined in Central Alabama – will play in the global economy.

In a recent investor presentation, the company said global steel production, which uses Walter's metallurgical coal in the

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A 'Bulldog' market

Student investment fund rewarded for beating S&P 500

BY PAUL BEAUDRY | SPECIAL

The Samford University Board of Trustees didn't have to look far to find an investment team that could outperform the Standard & Poor 500.

They were already on campus.

Despite a volatile market, the Bulldog Investment Fund, made up of students from the Brock School of Business, beat the S&P 500 by more than 10 percent and ranked in the top 3 percent of professional large-cap value managers.

The team was rewarded last month when the school's trustees decided to allow the team to invest more than \$1 million of Samford's endowment.

"We invest just like the other groups they have in their endowment," said Dean Beck Taylor. "We went to the board and said 'Look at our performance – not just how it compares to the S&P but how it does compared to others managing the funds.'"

From an original investment of \$400,000 in the spring of 2008, the Bulldog Fund has weathered market volatility better than most.

In the spring semester, the fund was 14 percent ahead of the S&P 500 – placing it in the 97th percentile of more than 240 professional large-cap value managers, as gauged by eASE Analytics.

"We're students, so we take a different

approach," said David Wallen, a Samford senior from Nashville with a triple major in business, economics and marketing. He's also the president of the fund and the only one of the eight-student panel – five undergrad and three graduate students – who is a repeat member of the group.

"Many of us have economics or finance during the day and the Bulldog is a night fund. We have homework investing or researching banks, we pick apart balance sheets," he said. "And it's not only fresh on our minds, but we see a wide variety of points with so many teachers advising us. Then we take what we've learned and give it a different approach."

Learning is an important part of participation in the fund – students receive three credits for their role in the fund – but the value goes beyond that.

"This is the perfect learning lab for students," said Taylor. "It's one thing to invest when stocks are up, it's another to allow them to do it when the financial crunch hit in late summer and early fall (of 2008). If you're really serious about letting them learn, then you can't protect them when things might go wrong."

The initial investment of \$400,000 was a small part of Samford's total endowment of roughly \$250 million, Taylor said. But this was more than about the money.

"We wanted to give our students a state-



Samford University's Bulldog Investment Fund beat the S&P 500 by more than 10 percent.

of-the-art experience and the only way to do that was set up a real fund," said Taylor. "They are managing an endowment and that's meant to provide for the long-term health of the university. This isn't a short-term investment; it's similar to someone in their 30s or 40s providing for their retirement."

And the long-term strategy dovetails nicely with a real-life long-term portfolio.

"There have been people who have won in the last six months because they have invested in the long-term," said David Painter, co-principal of the Southern Financial Group. "The biggest thing you run into when telling people long-term is it's OK to have some volatility."

While the group's original investment had dipped to \$350,000, the Samford board had enough confidence in the fund to invest more of the university's endowment – an additional \$700,000 in August – to

bring the portfolio to just over \$1 million with the idea of increasing that to \$1.5 million down the line.

"I can see how it is hard to care about every dollar in the fund, but once you start making decisions, it reflects on you," said Wallen, adding the fund has roughly 24 holdings in areas such as health care, energy, information technology, financials and consumer staples.

"You invest in something and think, 'I just spent \$30,000 real dollars, it better have been a good decision.'"

Since the core group changes with each semester, it makes assessing each holding easier every few months because there's no attachment and allows a fresh look at the investment. When they decide to change an investment, they have to offer reasons and data for it to a group that includes Taylor and faculty advisor John Venable.

"Sometimes you get attached to a stock because you chose it and others who are coming in fresh can look at things differently," said Wallen. "You spend time looking at it and researching before investing, so you think you know what it's about. But you might not notice some red flags and having that turnover creates new scrutiny."

Paul Beaudry is a freelance writer based in Birmingham.

'THIS IS THE perfect learning lab for students. It's one thing to invest when stocks are up, it's another to allow them to do it when the financial crunch hit.'

Beck Taylor
Brock School of Business



Samford Business dean Beck Taylor discusses investments with the student team.

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