**NYSPMA Legal Check-up Series [Part I] 'Organization-- Sole Proprietorship v. Professional Limited Liability Corporation v. Professional Corporation'**

**By:  Matthew S. Feldman, Esq., General Counsel**

**New York State Podiatric Medical Association**

* Do you have the protection of a business entity to limit your personal liability?
* Is your practice structured to minimize legal exposure to you individually and to maximize the tax benefits available to you?
* Do you have the proper agreements in place with your partners to protect you and them?
* Have those agreements been updated to reflect changes in the law or changes in your practice?
* Do you have the proper agreements in place with your professional employees to protect your practice?

Professionals often neglect to dedicate an appropriate level of attention to the corporate structure and corporate compliance of a health care practice.  Depending on your circumstances, a sole proprietorship, professional corporation, or professional limited liability partnership may be right for you and will help insulate you from certain personal liability. Attention should be paid to the details of the relationship between not only you and your patients but also between you and your partners or members and the entity through which you serve.  For example, agreements among partners or members need to thoroughly address, among other things: divisions of profits and losses, decision-making, competition, withdrawal of partners or members, death or disability, loss of professional license, responsibility for payment of debts to third-party creditors and lending institutions, and retirement.  A careful review of all agreements with the practice should be conducted on a periodic basis to make sure the right terms are in place for you.

            Many practices employ other practitioners to meet patient demand without admitting them as partners to the practice.  In those cases, agreements should be put into place addressing not only employment issues like compensation but also post-employment issues that may arise, such as the form of competition by the departed employee and similar concerns. Further, your agreements and classifications of your professionals as employees or independent contractors must satisfy the legal requirements for such engagements in order to avoid liability including audits and fines.