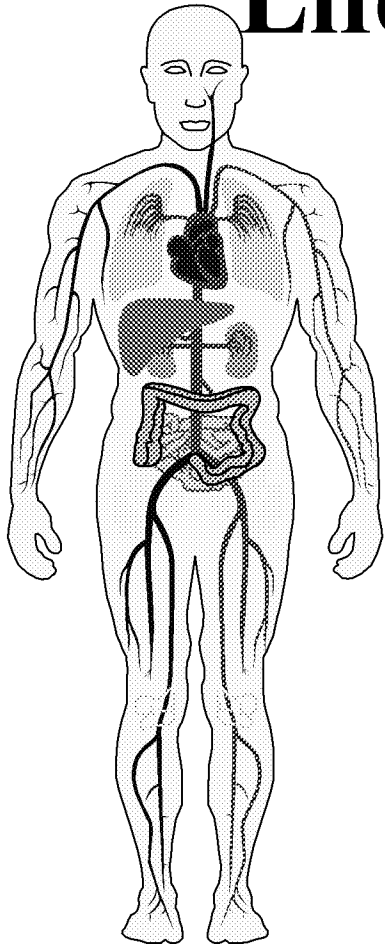


Representing Physicians Primer Life Cycle of a Physician-Practice Association

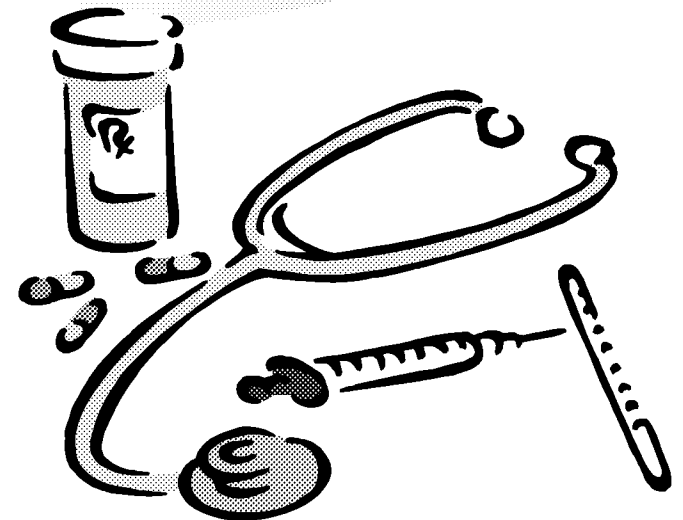


A Presentation For:
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Michael F. Schaff, Esq.

OVERVIEW

- General Considerations
 - Health Care Environment
 - Physician Market
 - Who is Your Client?
 - Who Can Employ a Physician?
- Basic Issues in Employment Contracts
- The Buy-In: Becoming an Owner in a Medical Practice
- Retirement Issues/Sale
- Post Termination Restrictions



Healthcare Environment

- Burdensome regulations
- Dramatic increase in professional liability premiums
- Rapidly evolving healthcare services
- Decreased reimbursement
- Aggressive litigation



Physician Market - 2006



- 200,000+ Physician Shortage by 2020
- Malpractice Insurance
- Retirement of Baby Boomer Physicians
- 250,000 over age 55
- 125,000 over age 65
- 10 Year Training Cycle
- Stock Market rise of 2000 to 3000 points

Source: Healthcare Financial Management Association, October 2006

WHO IS YOUR CLIENT?

- The medical practice (“Practice”)
- The physician being admitted to the Practice
- A younger owner
- An older owner
- The President of the Practice



UNDERSTAND YOUR CLIENT

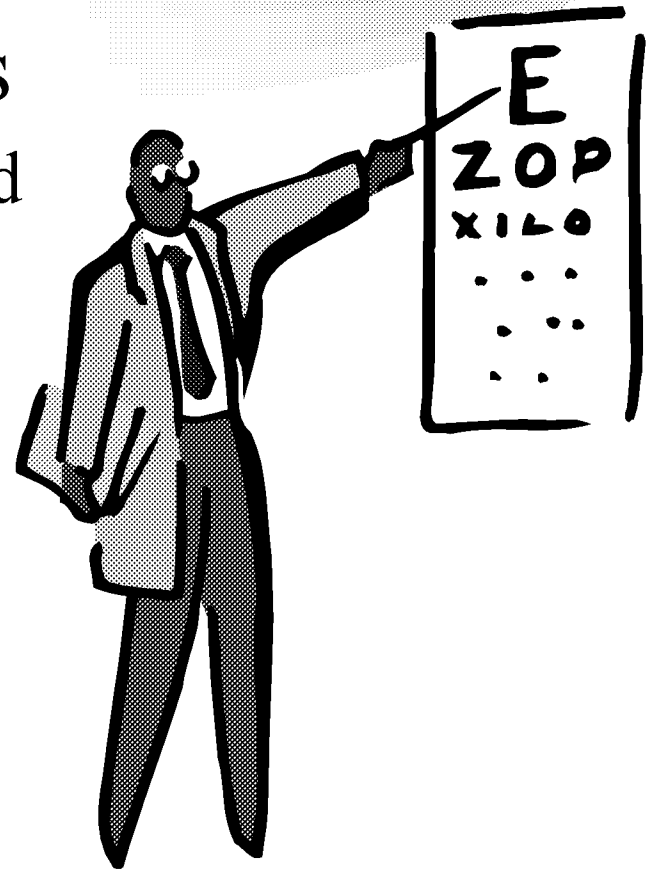
- Advise each owner to have his or her own counsel, accountant and other necessary professional(s)
- Know who you are dealing with “*Who are the parties and the professionals?*”
 - Accountant
 - Attorney
 - Outside practice management consultants
- *What are your client’s goals?*

WHO CAN EMPLOY A PHYSICIAN?

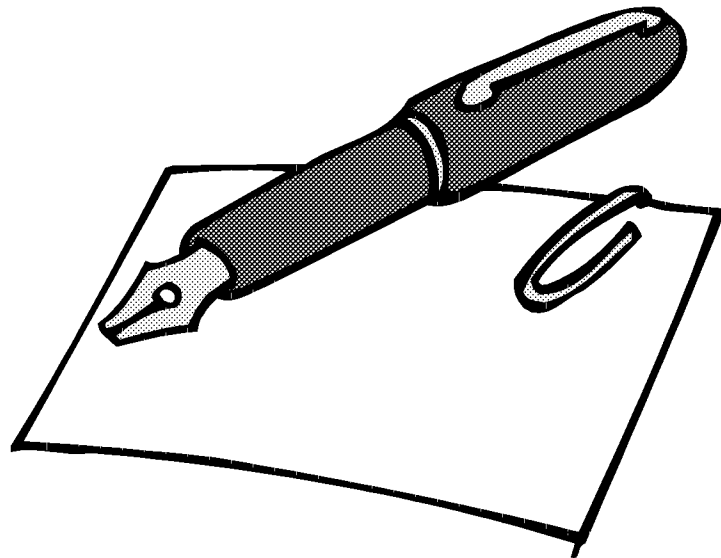
- Corporate Practice of Medicine Doctrine
 - Prohibits unlicensed individuals or entities from practicing medicine or employing healthcare professionals
 - Regulates who can employ physicians in some states

WHO CAN EMPLOY A PHYSICIAN?

- Check Current State Laws
 - Physicians cannot be employed by unlicensed entities, general business corporations, or general business limited liability companies (LLCs)
 - Many states allow physicians to form a professional corporation or LLC



BASIC ISSUES IN PHYSICIAN EMPLOYMENT CONTRACTS



TERM

- Commencement Date: *When does employment start?*
 - Conditions Precedent vs. Conditions Subsequent
 - Examples:
 - Receipt of State License
 - Receiving Hospital or other privileges
- “The Employee’s first day of employment is contingent on the Employee’s receipt of his/her [State] medical license and obtaining [provisional or attending] staff status at _____ hospital(s), however, the actual first day of the Employee’s employment shall be the “Commencement Date.” If the Commencement Date has not occurred by __, 200__, the Employer may terminate this Agreement.”

TERMINATION DATE

– Renewal Terms

– *Automatic Renewal* (Evergreen Clause)

- “ The Employee's employment under this Agreement shall commence as of _____, 200_ (the “Commencement Date”) and shall continue thereafter until _____, 200_. Thereafter, this Agreement shall automatically renew itself for successive _____ () year terms unless either party gives the other party at least ___ days notice of their intent not to renew. This Agreement may be terminated prior to the end of its terms pursuant to the provisions of Paragraph ___ below.”