



Business of Medicine
Support for a Healthy Practice

Legal Issues for Physicians

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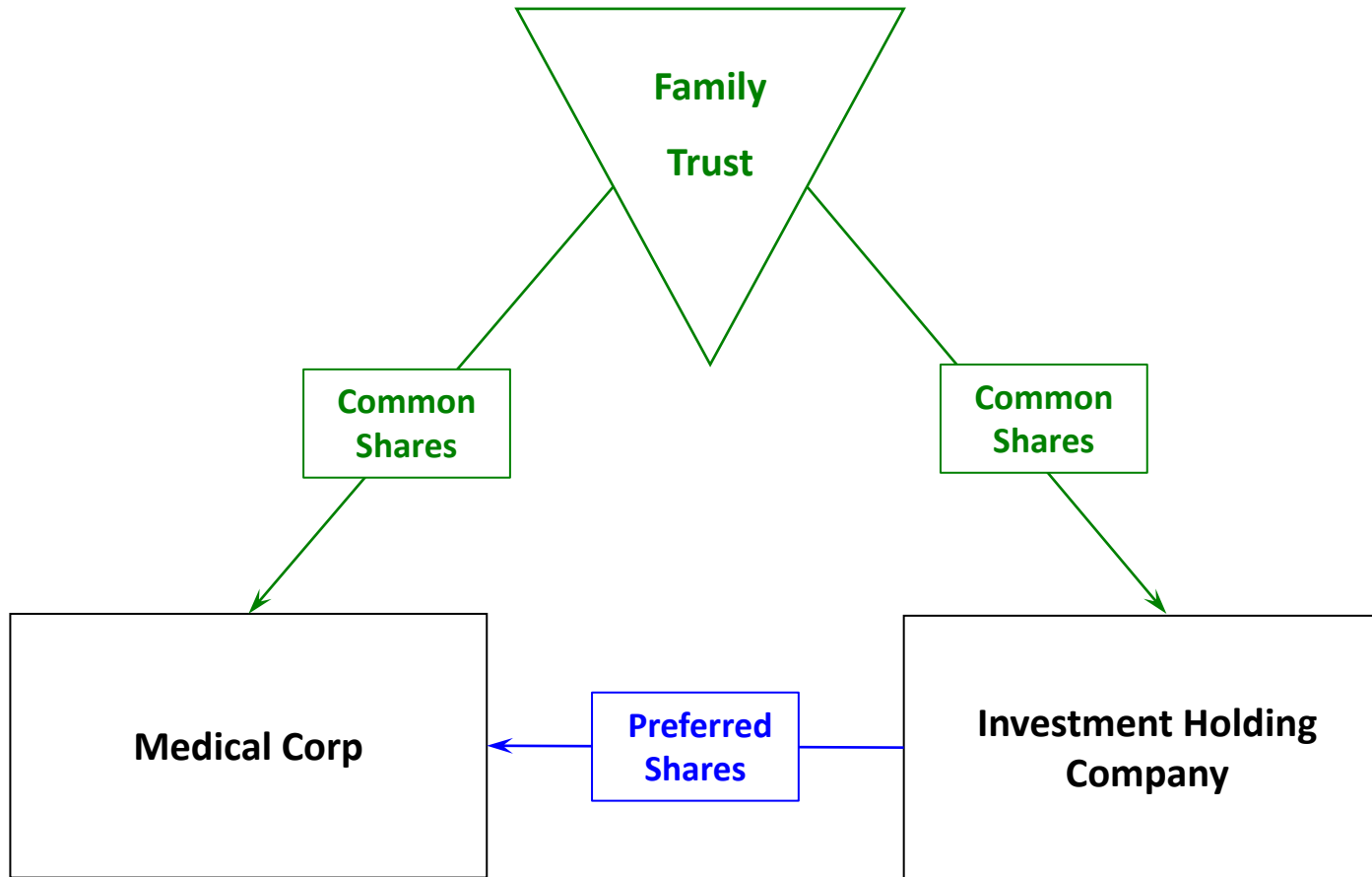
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Legal Issues for Physicians

- What is a Family Trust?
- What is a Contract?
- Work Contracts for Physicians
 - Practice Agreements
 - Employee Contracts
 - Lease
- Estate Planning
 - Wills
 - Powers of Attorney
 - Health Care Directives

What is a Family Trust?



Family Trust

Using a family trust to own the shares of a company or companies has become common tax planning for small business owners and incorporated professionals.

Purpose

- Flexible Income Splitting
- Creditor Protection
- Tax efficient Estate Planning

Family Trust

Provides flexibility without loss of control

- Trustees (usually the physician and his spouse) are the decision makers of the Trust Property that is being held in trust for the beneficiaries

Creditor protection

- The Trustees of the Trust hold the legal title of the property for the benefit of the beneficiaries;
- The beneficiaries have the beneficial use of the property;

Beneficiaries

- Physician, spouse of Physician, issue of Physician
- The beneficiaries do not have any entitlement to any of the trust property until the income or capital is distributed to them by the Trustees

What is a Contract?

- A contract outlines the terms and conditions of a contractual relationship between two or more parties
- It should clarify what each party will give and receive from the relationship
- The contract should address all of the “what ifs” scenarios of a contractual relationship
- A contract does not necessarily have to be in writing but it is always recommended

Work Contracts for Physicians

Practice Agreements

An agreement between 2 or more physicians (or their companies) that are sharing a practice/office space.

Can be in the form of:

- Independent Contractor Agreement
- Partnership Agreement
- Cost Share Agreement

Work Contracts for Physicians

Independent Contractor Agreement

Personally earning business income (Sole proprietor)

Partnership Agreement

Sharing of profits

Partners are agents of each another

Cost Share Agreement

Sharing of costs

Independent businesses

A company can be used to participate in each of these forms of business

Work Contracts for Physicians

Issues to be dealt with under the various agreements

- How do you get remunerated for providing your services
- How are the overhead costs (rent, staff, etc) allocated or paid for
- What are your responsibilities (hours to be worked, services to be provided)
- What do they provide to you
- How are decisions made
- What happens on the termination of the agreement
- Death
- Tax issues

(not an exhaustive list!)

Work Contracts for Physicians

Employment Contract

Is an agreement entered into between an employer (a physician or group of physicians) and an employee at the time the employee is hired that outlines the responsibilities of both parties. These include (not exhaustive):

- Responsibilities of the employee
- Compensation and benefits for the employee
- Hours worked

Work Contracts for Physicians

Lease

Is an agreement between a Tenant (physician or group of physicians) and a Landlord to lease a commercial office space. The contract should include (not exhaustive):

- Length of Contract
- Base Rent/Additional Rent
- What are the obligations of the Landlord and the tenant (who is responsible for the different expenses of the space)

Other Legal Documents for Physicians

Last Will and Testament

Upon death, a legal document that appoints an executor to administer one's estate to:

- Direct the payment of debts and taxes
- Allocate remaining payments to beneficiaries as directed
- Carry out one's wishes after death

Other Legal Documents for Physicians

Power of Attorney

A legal document where one person gives another person the power and authority to act on his or her behalf:

- Manage your finances
- Manage your property

The Power of Attorney is very powerful. Most are effective upon signing and are terminated at death (or upon revocation)

Other Legal Documents for Physicians

Personal Care Directive

A document that appoints a Delegate who will act on the donor's behalf to make personal care decisions should the donor be incapable of making such decisions.

Personal care decisions include those related to health care, nutrition, hydration, shelter, residence, clothing, hygiene, safety, comfort, recreation, social activities and support services.

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