

**TABLE OF CONTENTS**

	<b>Page</b>
I. Scope of this Article .....	1
II. Organization.....	1
A. The Relationship Between Physician and Practice .....	1
B. Corporate Practice of Medicine .....	2
C. The Advantages of a Separate Entity .....	3
i. Liability Protection .....	3
ii. Continuity of Existence .....	4
iii. Favorable Structuring Mechanisms .....	4
D. Choosing Between a PC and a PLLC .....	4
E. Other Restrictions on a PC or PLLC .....	5
III. Operations .....	6
A. Planning, Planning, and More Planning .....	6
B. Location and Space .....	6
C. Equipment .....	6
D. Staffing .....	7
E. Finances .....	7
F. Insurance .....	8
G. Third-Party Reimbursement .....	9
E. HIPAA .....	9
i. Privacy .....	10
ii. Security .....	10
iii. Notice of Breach .....	10
iv. Business Associate Agreements .....	10
IV. Other Housekeeping Considerations .....	11
V. Summary .....	11

# **Basics of Starting a Medical Practice in Michigan**

BY: Zachary J. Meyer and Louis C. Szura, Esq.

The charm of starting and operating a medical practice promises a physician freedom and flexibility; however, the myriad of challenges presented can be daunting. It is a task requiring not only medical skill, but also business and financial acumen. Of course, the challenges presented are not insurmountable obstacles. This article is intended to identify a number of the more significant challenges of starting a medical practice and the issues inherent in them. Because starting a medical practice is in many respects a lot like starting any other business, some of the challenges and issues are shared in common with starting any new business. However, what may otherwise appear to be generic business decisions, are more nuanced in the context of a medical practice because of the unique nature of the services rendered in a medical practice, the professional licensing imposed on medical practitioners, the stringent government regulation applicable to a medical practice and the reimbursement models common in the practice of medicine. While the issues identified in this article are generally addressed from a legal perspective, the mixed nature of the challenges necessarily requires some pragmatic business advice as well.

## **I. Scope of this Article**

This article is written as a general primer on starting a medical practice and does not address any of a number of possibly relevant issues that result from the peculiarities of a particular physician starting a particular practice. A physician specializing in orthopaedic surgery will have a different set of issues to address than a primary care physician, including a more pressing interest in capital investment for specialized equipment and relationships with hospitals, outpatient surgery centers and other facilities with operating rooms. This article will "stick to the basics" and, at best, simply identify possible additional issues that a particular physician may encounter. Consequently, a physician contemplating starting a medical practice should start his or her planning process by finding and consulting experienced advisors who can help counsel the physician in light of his or her specific circumstances.

## **II. Organization**

### **A. The Relationship Between Physician and Practice.**

One of the first legal considerations in starting a medical practice is how best to legally organize the practice. This will dramatically affect the relationship between the physician and his or her practice. A medical practice can be structured as something as simple as a sole proprietorship or something more formal, such as a professional corporation (a "PC") or a professional limited liability company (a "PLLC"). Structuring a medical practice as a sole proprietorship is administratively easy because the defining characteristic of a sole

proprietorship is a lack of structure—that is, the physician *is* the practice. Nothing more needs to be done to legally create the practice. An important consequence of this relationship is that there is no separation of the assets of the physician from the assets of the practice, and a liability of one is treated as a liability of both.

There are a number of important reasons that a practice should instead be structured as a *separate* entity, though. Organizing the practice as a separate entity involves a little more cost and paperwork, such as filing entity formation and maintenance documents with the state of formation, but a number of important benefits attach to the separation of physician and practice, including some liability protection, continuity of existence and favorable structuring mechanisms.

One reason for which a physician may have in the past wanted to avoid creating a separate entity was the problem of double-taxation of income, meaning that a dollar of income earned by the company would first be taxed at the practice level, and then taxed a second time when distributed out at the physician-owner level. However, this is less of a concern now because a PLLC and a PC making an "S" election with the U.S. Internal Revenue Service enjoy "flow-through tax treatment," meaning that a dollar earned by the company is deemed to have been earned by the physician-owner and only taxed at the physician-owner level.<sup>1</sup>

If a physician learns to think of himself or herself as separate from his or her medical practice, the physician and practice can enjoy a number of important benefits.

#### B. Corporate Practice of Medicine.

In Michigan, the "corporate practice of medicine" doctrine prevents a physician, as a practitioner in a "learned profession," from organizing a practice as a regular corporation ("Corp.") or limited liability company ("LLC"). Similarly, a person who is not in a "learned profession" is not able to set up a PC or PLLC. The theory is that mingling ownership or licensed professionals and non-professionals would undermine the management and integrity of the professional services that only licensed individuals can and should provide. A PC or PLLC is like a simple corporation or limited liability company, respectively, except for a number of important restrictions discussed below in this article that are in place specifically to justify and permit the PC or PLLC to provide licensable services in a manner that does not implicate the concerns underlying the "corporate practice of medicine" doctrine. Other health professionals may or may not fall into the confines of the "corporate practice of medicine" doctrine. See, *e.g.*, *Miller v. Allstate*, 275 Mich. App. 649 (2007); *aff'd on other grounds by* 481 Mich. 601 (2008). Moreover, the corporate practice of medicine doctrine restricts some combinations of professionals from jointly owning a PC or PLLC. Therefore, the formation of a practice will also have to follow this doctrine.

---

<sup>1</sup> There are reasons that a physician may want to organize his or her medical practice without "flow-through tax treatment" as a PC may otherwise retain flexibility to enjoy important benefits such as employee salary and benefit deductions by declining to make an "S" election. Similarly, a PLLC may choose to be taxed like a normal corporation by making a "C" election.

### C. The Advantages of a Separate Entity.

The advantages of separating a physician from the practice are manifold, but can generally be described as liability protection, continuity of existence and favorable structural mechanisms.

i. *Liability Protection.* From a liability perspective, a separate entity allows a physician to separate his or her personal assets and liabilities from those of the practice by recognizing two legally separate persons—that is, the physician *and* the practice. This is commonly referred to as a "limited liability shield." It is important to recognize that the effectiveness of the liability shield is in fact "limited." For example, the liability shield will protect the physician from the *general* liabilities that the practice incurs (for example, to pay rent on its office lease), but not *tortious* liabilities that the physician may incur in the course of his or her professional conduct for the practice. A physician that engages in such professionally negligent conduct or the supervision thereof will continue to be personally subject to malpractice liability.<sup>2</sup> However, if a physician's medical practice grows to include more than one physician, one physician will generally not be personally liable for the malpractice of the other physician.<sup>3</sup>

Also, if the physician fails to respect the separateness of the practice, a court may determine that the separate legal form has been abused as a sham and "pierce the corporate veil," meaning that the physician and practice will be deemed to be one and the same, irrespective of their legal separateness. A court will generally determine no need to "pierce the corporate veil" if the physician properly conducts his or her personal or other activities separately from the activities of the practice. This generally means that the physician respects the corporate formalities (meaning that he or she conducts regular shareholder or member meetings, maintains company books and records, and meets other procedural expectations), the practice is adequately capitalized, the physician does not publicly hold or market himself or herself as the practice, and the cash and other assets of the physician and practice are not commingled.

As a practical matter, it should also be noted that there are other ways that a physician may be compelled to take on personal liability that would otherwise be limited just to the practice, especially in the context of a newly started practice. Banks often require principals of start-up companies to personally guarantee any loan made to the debtor-company, and the

---

<sup>2</sup> See MCL 450.4905(2) and 450.1285(2). This is why the physician (and the practice!) should obtain malpractice insurance, as discussed below in this article.

<sup>3</sup> In the absence of the creation of a separate entity such as a PC or PLLC, the association of multiple physicians in a medical practice would morph the "sole proprietorship" model into a "partnership" model. The same principles generally apply with respect to liabilities, though, with the result being that the liabilities of the partners and the partnership are indistinguishable and each partner can end up being personally liable for the malpractice liability of the other partners. This is one important reason that a physician may want to organize his or her medical practice as a separate entity from the beginning in anticipation of potentially growing to include additional physicians in the practice.

same often occurs with physicians and their start-up practices. Landlords and equipment lessors may similarly impose such guarantee requirements.

ii. *Continuity of Existence.* An often over-looked advantage of a separate entity is the separation of its existence from the existence of its owner. In a sole proprietorship, the practice "dies" when the physician dies and is otherwise difficult to transfer to a successor owner because of the difficulty in distinguishing the sole-proprietor's practice-relevant assets from personal assets. However, if the practice is set up as a separate entity, its existence can continue unabated regardless of when its owner dies or otherwise determines to sell the practice. Most state statutes, including those in Michigan, allow a PC or a PLLC to endure perpetually.<sup>4</sup>

iii. *Favorable Structuring Mechanisms.* Organizing a practice as a separate entity also allows the practice to be flexibly structured. For example, because a separate entity results in a physician *owning* the practice rather than simply *being* the practice, the physician owner can more easily amend the ownership structure of the practice. The addition of another physician to the ownership structure of a sole proprietorship would result in the formation of a new partnership and would necessitate a new review and documentation (or re-documentation) of the assets, liabilities and obligations of both of the physicians and the practice. But, the addition of another physician to the ownership structure of a separate entity like a PC or PLLC could involve something as simple as the issuance of new equity in the practice because the allocation of assets, liabilities and obligations should already be addressed by the structure of the separate entity.<sup>5</sup>

A separate entity also allows a physician to implement other structural mechanisms that may be beneficial as the practice grows and additional physicians are included in the ownership structure. For example, day-to-day operations of the practice may be centralized in a core management team, freeing the physicians of the administrative burden of managing the practice, while entrusting effective authority in a practice manager that may otherwise be unavailable if such authority were retained by shareholders or members who cannot agree on daily and pressing business matters.

#### D. Choosing Between a PC and a PLLC.

In Michigan, most medical practices are organized as a PC or a PLLC. Both PCs and PLLCs can provide "flow-through tax treatment," offer limited liability protection, create continuity of existence and provide some favorable structuring mechanisms. The distinction between PCs and

---

<sup>4</sup> See MCL 450.1202(h) and 450.4203(1)(e).

<sup>5</sup> Even if these considerations were "overlooked" in creating the separate entity, there are statutory default rules that address these issues, such as the Michigan Business Corporation Act and the Michigan Limited Liability Company Act. Of course, it may also be appropriate to review and revise the organizational documents in place when the entity had a single physician in order to address agreed-to terms with the newly-admitted physician.

PLLCs is generally that a PLLC can be structured much more flexibly.<sup>6</sup> For example, the right to vote and otherwise control a PLLC can be separated from the right to participate in the profits and losses of a PLLC. In a PC, voting rights and economic rights are not severable unless two different classes of stock with different features are created. Also, the voting rights and economic rights can be unevenly allocated by contract among members of a PLLC, while they can only be unevenly allocated among shareholders of a PC if two different classes of stock with different features are created.

Absent tax reasons to choose otherwise, a PLLC is usually a more appropriate choice for starting a medical practice than a PC.

#### E. Other Restrictions on a PC or PLLC.

While it is almost always advisable to organize a start-up medical practice as a separate entity, there are some important restrictions on the organization of PCs and PLLCs to note. First, a PC or PLLC can only be organized for the specific purpose of rendering one or more professional services. A PC or PLLC cannot generally engage in other non-professional service activities (for example, acting as a real estate holding company or operating franchised restaurants). Second, everyone who forms,<sup>7</sup> owns<sup>8</sup> or manages or performs professional services<sup>9</sup> for a PC or PLLC, must be individually licensed to perform such services. A PC or PLLC cannot be owned by a shareholder or member who is not licensed to provide the applicable licensable professional service. Third, owners licensed to practice medicine, osteopathic medicine and surgery or podiatric medicine and surgery, are permitted to jointly own a PC or PLLC, but generally not with anyone else, including other health professionals licensed to practice under the Michigan Public Health Code.<sup>10</sup> A PC or PLLC organized to render professional medical services cannot be owned by a physician or podiatrist and, for example, a dentist or an optometrist.

---

<sup>6</sup> There are other distinctions between PCs and PLLCs that are notable involving ownership restrictions. For example, a PC that makes a "S" election to get "flow-through tax treatment" is limited to having no more than 100 shareholders (none of who may be non-resident aliens) and a single class of stock with uniform features. However, most other distinctions are based on nuanced tax consequences for which an accountant or other financial advisor should be consulted.

<sup>7</sup> These are called "incorporators" in the context of PCs and "organizers" in the context of PLLCs.

<sup>8</sup> These are called "shareholders" in the context of PCs and "members" in the context of PLLCs.

<sup>9</sup> These are "officers, agents or employees" in the context of PCs and "managers, officers, agents or employees" in the context of PLLCs. There is no prohibition against directors or officers of a PC, or agents or employees of either a PC or a PLLC, being unlicensed so long as the unlicensed individuals are not rendering the licensable professional services. However, in the context of the practice of medicine, "managers" of a PLLC must be licensed to provide the applicable licensable activity. See MCL 450.4904(2).

<sup>10</sup> See MCL 450.1284(2) and 450.4904(3). One exception to this prohibition involves physician assistant owners. See MCL 450.1284(3) and 450.4904(4).

### III. Operations

#### A. Planning, Planning and More Planning.

The second set of legal considerations in starting a medical practice depends on how the actual operations of the practice are envisioned. This requires substantial foresight on the part of the physician as to how the practice will operate and accordingly, what it will need to operate. The need to commit significant time to planning cannot be overstated. A physician cannot contemplate and address every concern that his or her new medical practice may encounter in starting and growing, but there are some issues that most medical practices will generally need to address sooner rather than later, including location and space, equipping, staffing, financing, insurance, third-party reimbursement and HIPAA compliance.

#### B. Location and Space.

The physician will need to consider a number of questions related to locating the medical practice and planning for its space. How much space will be needed? What kind of layout is appropriate? What level of street visibility is warranted? What signage is available? How much parking and patient access is advisable? Will the space be owned or leased? And underlying all of these concerns—what is affordable? Shopping around and weighing the pros and cons of each location and space is important.

Most start-up medical practices do not have the capital to purchase or otherwise initially own an office location, so most physicians may find leasing office space appropriate. If the physician owns or will own the office location, it is common and generally appropriate to form a limited liability company (an "LLC")—*not* another PLLC—to own the real estate and enter into a lease agreement with the PC or PLLC. The length and terms of the lease should be drafted in consultation with a tax adviser. One reason for this structure is to protect the real estate from creditors of the PC or PLLC. In addition, this may provide some flexibility with financing and operating the real estate with non-professionals partners.

#### C. Equipment.

In addition to requiring appropriate space, a medical practice will need to be appropriately equipped. At a minimum, this includes basic office assets like office furniture, furnishings, computers and technology. But, it will likely also include more specialized equipment, including exam tables or procedure chairs, diagnostic equipment and other items. If, despite being a start-up, the medical practice has the capital to purchase or otherwise initially owns the equipment, it is common and generally appropriate to form another LLC to own the equipment and enter into a lease agreement with the PLLC or PC for the same reasons that owned real estate may be owned by a different LLC. The length and terms of the lease may depend on the current tax considerations for depreciation of the equipment.

#### D. Staffing.

A medical practice also needs staff to operate the business and provide the services. Staffing needs may start out as minimal in a start-up medical practice as the physician may be inclined to try and "do it all." Because running a medical practice involves more than simply providing medical services, the physician should be wary of trying to do much. Having competent administrative personnel, such as office administrators and billing staff, can help grow and support patient volume by improving patient experience and can help streamline the revenue cycle by managing billing, coding and collection efforts. Similarly, having skilled clinical personnel, such as nurses and medical assistants, can help improve quality of care and patient outcomes.

Organizing staff for a medical practice may begin with determining needed staff positions, developing job descriptions and structuring an organizational chart. Attracting the required staff may also begin with compilation of competitive compensation and employee benefit packages and acquiring the required staff may begin with reviewing resumes, interviewing candidates, doing background checks, putting together offer letters and negotiating employment contracts. Direct employment would also require compliance with employment law and regulations, including, but not limited to, with respect to payroll taxes, providing healthcare benefits, worker's compensation, and the Family Medical Leave Act.

An alternative to directly employing staff that may be especially attractive in a start-up medical practice is to contract with a management company that has experience with and can provide staff already familiar with the administrative side of operating a medical practice, including reception and other office functions, third-party reimbursement, billing and collecting, and record-keeping.

Regardless of whether the staff is employed directly or as independent contractors, however, the medical practice needs to assure that it has appropriately classified such individuals. Because of the tax and other cost benefits associated with independent contractors, the U.S. Department of Labor has focused on enforcement actions against companies that misclassify employees as independent contractors even if those independent contractors are placed by an outside entity. The basis for whether a staff member is an employee or independent contractor depends on multiple factors that focus on the control of the entity over the individual. Therefore, depending on the avenue chosen for organizing a staff, the relationships should be reviewed by legal counsel to ensure they are properly classified.

#### E. Finances.

One of the most important considerations in starting-up a medical practice is financing and financial health. As may be inferred from the discussion of location, equipping and staffing, starting a medical practice is not cheap. If a physician is fortunate enough to have readily accessible capital already stored up prior to starting the practice, the physician may certainly rely



on that capital to start-up the practice. However, if such capital is not available, the physician may need to rely on a loan from a bank or other source.

Regardless of the source of financing, the physician will need to develop a financing model that realistically projects the life and financial needs of the medical practice. Most start-up medical practices require incurring substantial costs up-front before any revenue is ever generated, including securing the practice location, equipping the practice, lining up staffing and providing an income or draw for the provider owner. If financing is provided in the form of a loan, the need to service the debt obligations will consume some of the revenue that the practice generates. Even if revenue is properly generated, it may take a significant period of time for receivables to be collected and turned into cash. Whether or not the practice can and does timely generate and collect enough revenue to service debt, payoff start-up costs and support continuing payroll and other business expenses is a risk that all start-up businesses bear, including start-up medical practices. If the physician calculates and addresses this risk effectively, though, he or she stands to realize every business owner's goal: sustainability and profit!

Determining what financing is appropriate for a particular medical practice is best done with counsel from trusted advisors. Accurately projecting capital needs, wisely planning for debt servicing and realistically anticipating revenue generation are important for developing the sound financial plan that a medical practice requires.

#### F. Insurance.

One expense that a physician and a medical practice should never overlook is for insurance. The PC or PLLC should obtain a general insurance package consistent with that which is appropriate for other start-up businesses, including commercial general liability insurance and property insurance to protect against general tort and casualty claims. If the PC or PLLC directly employs staff, it may also be appropriate to obtain group health insurance, workers' compensation insurance, and life or disability insurance.

The physician and the PC or PLLC should also obtain medical malpractice insurance to protect against malpractice claims. Medical malpractice insurance comes in two general types: (1) occurrence-based (which covers all services provided while the policy was in effect, regardless of when a claim is made); and (2) claims-made (which only covers claims made during the term of the policy). Claims-made medical malpractice insurance is the more common and affordable type of insurance available, but because a malpractice claim might not be evident or made until years after the insurance policy ends, it is advisable for a physician to get additional "tail coverage" when the claims-made policy ends, whether because the physician retires or sells the practice.

The physician should consult with his or her insurance agent to evaluate insurance packages to determine what insurance coverage, including premiums, deductibles, limits and sublimits, are appropriate for the physician and medical practice.

#### G. Third-Party Reimbursement.

An important business and legal issue for any physician with a start-up medical practice to consider is how the practice will engage with the pre-dominant payment model in the healthcare industry: third-party reimbursement. From a business perspective, the physician will need to evaluate who the third-party payers are in the medical practice's market and which third-party payers the medical practice's target patient population use.

If the physician determines to target and serve populations generally covered by the Medicare or Medicaid programs, the physician will need to prepare and submit applicable Provider Enrollment Applications. If the physician determines to target and serve populations covered by non-governmental insurance plans, the physician will need to apply for and negotiate Provider Participation Agreements with the plans. In either case, the physician will need to go through a credentialing process before he or she can start billing Medicare, Medicaid or non-governmental insurance plans. Alternatively, if the physician will not be servicing Medicare patients, then the physician will need to comply with the technical requirements for opting out of Medicare.

Once the physician's applications have been accepted, agreements negotiated and credentialing completed, the physician can begin seeking reimbursement from the applicable programs or plans for services rendered to covered patients. Medicare and Medicaid rules and regulations and non-governmental insurance plan contracts will impact the fees that the physician may charge and/or collect from either the third-party payer or the patient, so the physician should pay special attention to the economics of reimbursement rates applicable to the services that he or she renders to patients.

#### H. HIPAA.

There are numerous regulatory compliance issues for a physician and start-up medical practice to consider, but one of the more-substantive operational issues is compliance with the Health Insurance Portability and Accountability Act ("HIPAA"). HIPAA is detailed and nuanced, but as a general matter HIPAA is a Federal law intended to protect the confidentiality and security of personal health information of patients. HIPAA uses a very specialized vocabulary, the general understanding of which is very helpful in understanding how HIPAA operates.

HIPAA applies to "covered entities," which includes a physician that transmits any health information in electronic form in connection with a covered transaction. HIPAA also applies to "business associates," which includes any persons who perform or assist in the performance of any of a host of different functions or activities for the physician (such as processing, administration and billing, or consulting, management, administrative or financial services) that involve the use or disclosure of "individually identifiable health information." "Individually identifiable health information" means, generally speaking, health information that identifies the individual or from which there is a reasonable basis to believe an individual could be identified. This would include name, date of birth, social security numbers, and the like. Any

individually identifiable health information transmitted or maintained in any form or media is called "protected health information," or "PHI" for short.

A physician and his or her business associates are responsible for complying with HIPAA, but the responsibilities as between the physician, on the one hand, and the business associates, on the other hand, are generally allocated pursuant to "business associate agreements."

HIPAA imposes a wide range of requirements. In general, the most significant are as follows:

i. *Privacy.* PHI may only be used and disclosed (and *must* be disclosed in some cases, such as when properly requested by the individual patient) in certain permitted ways. One important permitted disclosure is for "health care operations" which means essentially what it sounds like: for management and administrative purposes in support of the physician's health care operations. A permitted disclosure must be made only as minimally necessary to accomplish the purpose of the use or disclosure. In some cases, the physician must first get proper consent or authorization from the individual patient to use that patient's PHI in a particular way. Incidental disclosures are sometimes also allowed. For example, in waiting rooms a practice may use patient sign-in sheets or call out patient names in waiting rooms as long as the information disclosed is appropriately limited. However, HIPAA permits the incidental disclosures only when the covered entity has implemented reasonable safeguards and the minimum necessary standard, where appropriate. One significant aspect of the privacy rule is the record-keeping requirement. Because patients have a right to receive an accounting of disclosures of PHI for the prior 6 years, the physician must maintain records that far back.

ii. *Security.* The physician must implement appropriate policies and procedures to protect the confidentiality and security of electronic PHI (non-electronic PHI is not subject to the security rule). These include administrative safeguards to prevent, detect, contain and correct security violations of PHI, physical safeguards limiting access to electronic information systems and facilities in which PHI is housed, and technical safeguards for electronic systems that maintain electronic PHI to allow only authorized access. These policies and procedures need to be in writing.

iii. *Notice of Breach.* In the event of any unauthorized access, use or disclosure of PHI that compromises the security or privacy of the PHI, notice of the breach to the affected persons, the media or the Federal government may be required.

iv. *Business Associate Agreements.* To the extent that the physician provides PHI to a business associate (or a business associate provides PHI to an agent or a subcontractor), the requirements imposed by HIPAA should generally be contractually passed-through pursuant to a business associate agreement.<sup>11</sup> This means the business associate (or agent or

---

<sup>11</sup> There are some potential exceptions for entities receiving PHI from physicians, such as individuals or companies with very limited and incidental exposure to health information, such

subcontractor) should agree to implement safeguards reasonable and appropriate for protecting the confidentiality and security of electronic PHI, to report to the physician any security incident it becomes aware of, and authorize termination of the contract by the physician if he or she determines that the business associate has violated a material term of the contract.

Accordingly, the physician will need to contemplate appropriate privacy and security safeguards for PHI and processes for obtaining patient consent for particular uses and disclosures of PHI in certain instances. The physician will also need to negotiate and enter into business associate agreements with any vendor it uses that may gain access to PHI, including any practice management company that the physician might enter into a management contract with.

#### **IV. Other Housekeeping Considerations.**

In addition to the above, there are other general items that a physician starting a practice should consider. First, the physician has a duty to update the physician's address with the State Licensing Board, as well as updating the physician's DEA certification. Second, the physician should consider engaging in advertising and other forms of securing patients. However, the physician should consult with their attorney if they have any concerns about advertising or compensating an individual or company in exchange for promoting their services. There are extensive regulations in place with respect to physicians providing compensation in exchange for what might be considered referral of patients.

#### **V. Summary**

Starting-up a medical practice is not for the faint of heart. It involves all of the usual challenges that any other general business start-up may encounter, as well as the additional difficulties imposed by the rules, regulations and economics unique to the healthcare industry. However, these challenges and difficulties can be overcome with thoughtful planning and considered decision-making. With the right counselors, a physician can structure the medical practice in a manner that limits personal and business liability exposure and organize the medical practice operations in a manner that models prudent financial planning, supports healthy staff relations and promotes quality patient care.

---

as a telephone company, electrician, etc., or companies that act as a conduit for PHI, such as the postal service, UPS, private couriers, etc. Other entities, such as law firms, shredding companies, etc., may or may not be considered business associates depending on the circumstances.