

Practice Management for the New Dentist



The Basics of Associate Agreements, Practice Purchase Agreements, and Entity Formation

Ronald P. Goldman, Esq.

55 Main Street

Tiburon, CA 94920

(415) 435-5500

Snakebit@GoldmanLawFirm.net

Business Law For the New Dentist

Top Ten Business Law Pointers

1. Business Agreements should always be in writing.
(Associate/Purchase/Buy-In/Partnership)
2. Assemble and use your professional team—who is on your side?
(Accountant, Attorney, Consultant, Insurance Broker, Peers)
3. Conserve your capital and do not enter into agreements blindly.
4. Read every word of every document that is presented to you for you signature.



Business Law For the New Dentist

Top Ten Business Law Pointers

5. Covenants Not To Compete – Know when they are enforceable!
6. Don't be afraid to negotiate terms.
7. Take Due Diligence Seriously.
8. Do Not Let a practice situation compromise your standard of care.



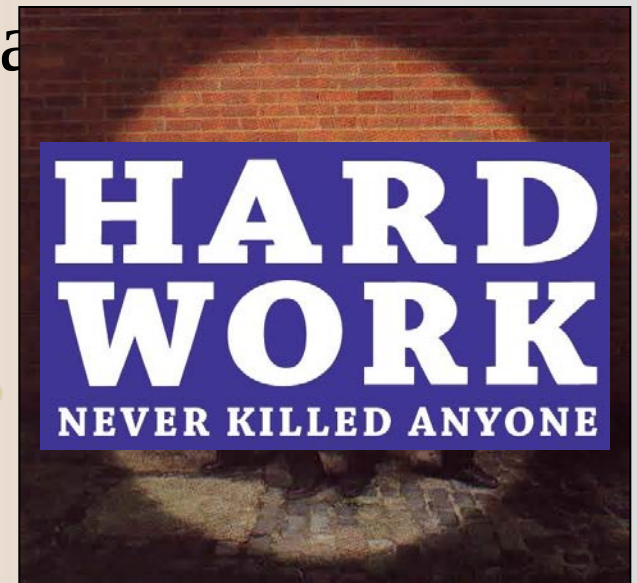
Business Law For the New Dentist

Top Ten Business Law Pointers.

9. Pay Attention to the practice of dentistry as an associate.



10. Do not assume, do not believe oral assurances, do not be taken advantage, you are bound what you sign and luck follows hard work.



Associate/Independent Contractor Checklist

1. Form of Agreement – get it in writing
 - a. One written, signed, dated document.
2. Relationship of Parties: Employee or I.C.
 - a. Employee/employer
 - b. Independent contractor/practice owner
3. Terms of Agreement
 - a. Compensation-flat fee/percentage; collections/production
 - b. Benefits
4. Taxes
 - a. Employee - Withholding
 - b. Independent Contractor – No Withholding



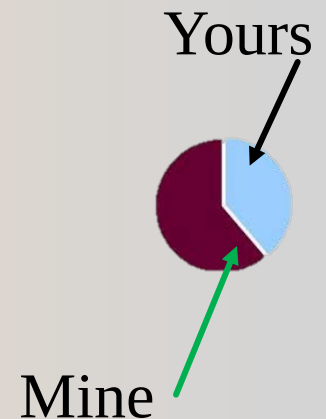
Associate/Independent Contractor Checklist

5. Expenses
- a. Overhead/Supplies
 - b. Implants/Lab
 - c. Flat Cost or production based



6. Ownership Interest

- a. Patient Record—who owns, who can copy, what happens upon termination
- b. Referral sources; same
- c. Equipment, supplies, computer data, telephone number



7. Income/Production/Collections

- a. Mechanics/Bookkeeping/Records/Billing/Verification

8. Management Duties

- a. Hire/Fire support staff
- b. Who sets patient schedule



Associate/Independent Contractor Checklist

9. Insurances

- a. Malpractice/Office Package/workers comp
- b. EPLI-Employment Practices Liability Insurance
- c. Insurance/indemnity- cross-verification



10. Termination/Death/Disability/Sale/Option to Purchase/Right of First Refusal

11. Covenant Not to Compete

- a. Valid for sale of practice/goodwill-Business and Professions Code Section 16600, et seq.

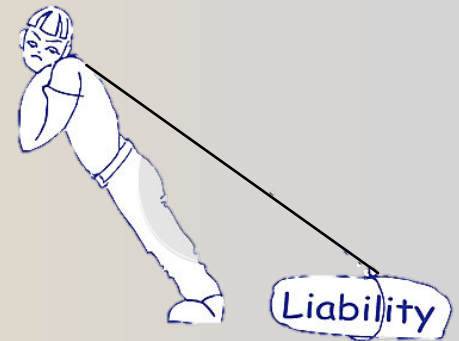
12. Anti-Solicitation Clause/Liquidated Damages Provision

- a. Mechanics- for patients/referral sources



Partnership & Shareholder Agreements Checklist

1. Form of Agreement
 - a. Written
2. Relationship of Parties
 - a. Partnership: No Limited Liability
 - b. Professional Corporation: Limited Personal Liability
 - c. Fiduciary Relationship
3. Joint Operation Agreement-Key Provisions
 - a. Expenses, Profits, Losses
 - b. Patient Records, Referrals
 - c. Temporary Disability
 - d. Dissolution
4. Ownership Interest
 - a. Referral Sources assets of entity
 - b. Patient assignment upon dissolution



Partnership & Shareholder Agreements Checklist

5. Management Duties
6. Liability Considerations
7. Termination/Dissolution/Death/Disability/Sale/Withdrawal
8. Covenant Not to Compete;
Non Solicitation and Liquidated
damages Provisions



covenant not to compete
(or restrictive covenant)—
an agreement between a buyer
and a seller in which the seller
agrees not to compete with the
buyer within a specific time
period and geographic area.



Purchasing a Dental Practice: Due Diligence Checklist

1. Financial Records 
2. Quality of Care – chart audit 
3. Insurance/Risk Management Considerations
4. Managed Care Agreements – HMO, PPO, Capitation, Indemnity



Purchasing a Dental Practice: Due Diligence Checklist

- 5. Seller's Record with Third Party Payers
- 6. Associates in the Practice
- 7. Other Dentist in the Practice



Purchasing a Dental Practice: Due Diligence Checklist

- 8. What Advertising Has the Practice Used?
- 9. Seller's Standing in the Dental Community



- 10. Key Referral Sources to the Practice

- 11. Seller's Staff



- 12. Miscellaneous Items



Letter of Intent

1. Use the Seller's name.
2. Telephone Directory listing, telephone numbers, fictitious names, websites, domain names, logos, service marks, and trademarks affiliated with the practice.
1. Patient Records, files, etc.
2. Practice Equipment free and clear of leases or liens.



Letter of Intent

5. Office furnishings and business equipment

6. Letters of Introduction



7. Covenant Not To Compete-5 years ~~Competition~~



8. Retreatment provision



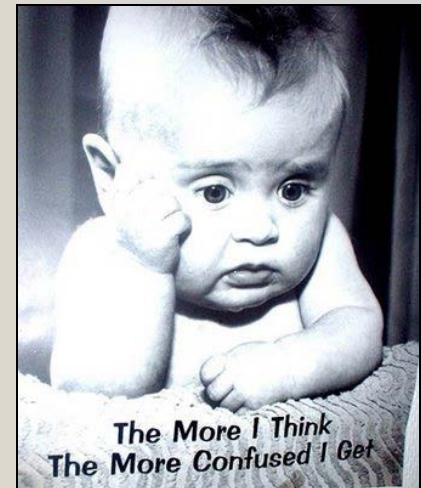
Letter of Intent

9. Allocation of Purchase Price
10. Purchase Price shall not include Seller's Accounts Receivable and Cash On Hand at closing
11. Use wording:



“The purchase and sale of the practice to close on or before that date (Closing Date of Sale), as mutually agreed to by the parties for the sum of (specify the amount in words), (\$0,000.00). The Purchase price shall be paid by way of cash on the Closing Date of Sale.”

12. Deposit, refundable upon failure of contingencies.
 - 1) Negotiation of a mutually agreeable contract of sale
 - 2) Assignment of the existing lease to Buyer
 - 3) Acceptable bank financing
 - 4) Inspection and approval of books, ledgers, charts, equipment, facility, records, etc.



Selecting The Right Legal Entity For Your Practice

- Sole Proprietorship
- Corporation
- Partnership
- Solo-Group
- Space-Sharing Agreement



Thank You Very Much!

Questions? Please Contact:
Ronald P. Goldman, Esq.
Email: Snakebit@GoldmanLawFirm.net



Yea that's
me! → → →