Professional Corporations: Part 2

written by Richard Leslie | May 24, 2016

Avoiding Liability Bulletin – August 2011

Can a marriage and family therapist, who is doing business as a professional corporation, hire one or more physicians to provide medical services to clients of the corporation, and can the corporation bill for such services? The answer to this provocative question depends upon state law. In California, the answer appears to be "yes." California law provides that a marriage and family therapy corporation may have as shareholders, directors, officers or professional employees, persons licensed in other professions, such as physicians, psychologists, clinical social workers and others. These persons are permitted to act within their respective scopes of practice. The corporation is permitted to bill for such services, even though the majority shareholder, or perhaps the sole shareholder, is a licensed marriage and family therapist.

I once testified as an expert witness for a marriage and family therapist who had hired one or two physicians (I forget) to perform workers' compensation disability evaluations. Such evaluations were not allowed to be performed by licensed marriage and family therapists. The MFT professional corporation grossed hundreds of thousands of dollars as a result of such activity. An attorney for an insurance company publicly stated that the MFT was committing a felony by billing for such services. The therapist sued the lawyer for defamation and won – I forget the amount of the judgment, but it too was six figures! What does the law allow in your state? Can there be multi-disciplinary practices in the corporate form? For those who are entrepreneurs, this might be interesting to explore – with the advice of a knowledgeable attorney.

Click here to read our previous Avoiding Liability Bulletin regarding professional corporations.