Do not Promise Ownership in Hiring a New Doctor

It's easy for a salary-based dentist to reason that his or her work creates personal accounts receivable (A/R), but it's your practice and your A/R until that person becomes your partner. Be sure to make that clear to a new associate.

In a recent buy-in negotiation, the young dentist objected to having to buy into co-ownership of the practice accounts receivable. He had, he argued, helped create those receivables by his work, so he should not have to buy into them. The senior dentist pointed out, of course, that he had employed the associate who was paid a fair salary to help create the A/R.

Another associate dentist made a similar argument when he left his employer to practice in another location. Some insurance claims had been filed in his name, and he said he was entitled to them despite his salaried position. While this contradicted his "employee" status as a matter of law, it continued as an issue in the split-up negotiations.

How to Avoid the Problem

There's a simplistic appeal to this argument often raised by incoming partners. One should not have to buy into what he or she has created. Even though the argument is legally and technically incorrect in the usual dental practice employment situation, it tends to disrupt senior-junior dealings.

We suggest preventing disputes of this nature by addressing the subject in the associateship contract. An associateship contractual provision similar to the following should be included:

> "It is agreed that no portion of the funds retained by the Employer reflects an investment of the Employee in the ownership of the Practice and that Dr. Senior is and shall be the sole owner of the professional dental practice, and related assets, during the term of this Agreement."