

1. Failure to Maintain and Appropriately Use Independent Professional Advisors

Many of the calamities described below will be avoided if a medical practice has experienced advisors on board. The practice should consult with its advisors when making major practice decisions and periodically confirm that appropriate procedures and safeguards are in place.

(a) CPA: Quite often the quarterback of the advisor team will be a good, caring Certified Public Accountant who does extensive medical practice work. CPA's are often well-versed in investments, business matters, and methods of theft-proofing a medical practice from a financial standpoint.

CPAs should prepare quarterly or monthly financial statements for the medical practice; these statements should involve a review of accounts receivable, cash flow, and general practice financial information.

(b) Attorney: An experienced lawyer who represents a number of medical practices should have sufficient experience to help physicians avoid terrible problems before they occur.

Just as physicians advise patients to have an annual check-up, and may wisely require this before prescriptions are renewed beyond 12 months, a medical practice client should confer with its lawyer on a periodic basis. Commonly, the primary lawyer for the practice will refer matters to appropriate sub-specialist attorneys in a number of different areas. Often this happens in conjunction with a CPA meeting.

(c) Other Advisors: Other advisors commonly and appropriately used by a medical practice group will include (i) a qualified pension plan advisor, who is also preferably an actuary, as well as (ii) a banker who is knowledgeable as to practical business expense and loan-associated planning, and (iii) a reputable and conservative financial advisor (or advisors) who assists with pension planning, various insurances, and other practice-associated financial instruments.

Good advisors should be honest and always let the physician and the rest of the team know about questions, concerns, or the need to bring in additional experts to handle any particular matter or situation. Advisors who show up to sell a single product or scheme commonly cause problems, as described below.