

11. Failure to Have Anyone in the Practice Pay Attention to Contracts with Third Parties

Quite often, medical practices get into disputes or find themselves stuck in agreements as a result of a trusting nature or lack of attention to details associated with contracts they enter into with third parties. Say, for example, somebody delivers a copier to the medical practice that the office manager has requested on a trial basis. Upon delivery, that person gets the receptionist to sign a contract accepting the copier and binding the practice to 48 months of payments.

Another example is when a medical practice has a lease that gives the doctors the right to extend after a certain date, but they forget to give notice of extension by the deadline. The practice gets held up by the landlord for a larger rent payment or has to vacate and find new property.

A third example is when a lease for a large piece of equipment also requires the practice to maintain the equipment with one company only. The company may provide poor service or may not permit the practice to pre-pay the lease or re-finance it from a high rate of interest without paying tens of thousands of dollars in penalties.

Another trap some practices fall into is using an office manager or non-CPA accountant to draft legal documents that employ physicians or to set up companies for the practice, not realizing that the contracts have inappropriate provisions or do not cover essential items that a lawyer or appropriately-qualified advisor would have pointed out.

F. Lee Baily said that "anyone who acts as his own lawyer has a fool for a client."

Most successful lawyers hire other lawyers to do work for them personally when it is outside of their area of specialty or sometimes even when it is within their area of specialty because of this phenomenon.

If lawyers are smart enough not to do legal work for themselves, why aren't doctors and their other advisors?