



LITCH'S LAW LOG

LEGAL CONSIDERATIONS FOR PARTNERSHIPS

No, this column will not help you with marriage advice or pre-nuptial agreements. However, the AAPD has analyzed trends in pediatric dental practice arrangements. It is noteworthy that incorporated practices and partnerships are increasing, as indicated in the following figures:

Employment Status of Pediatric Dentists in 2001¹

- 42.1 percent are incorporated solo proprietors
- 34 percent are unincorporated solo proprietors
- 23.9 percent are partners

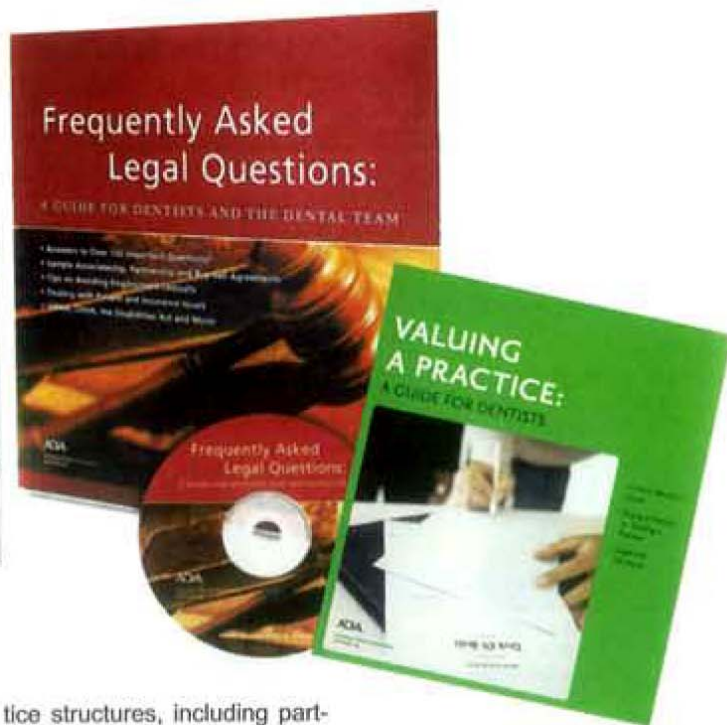
This means that close to one-quarter of all U.S. pediatric dentists are in practice partnership arrangements.

What are some legal resources and tips for such partnerships?

First of all, I recommend the ADA's publication *Frequently Asked Legal Questions: A Guide for Dentists and the Dental Team* (even though I did not write it and neither did the AAPD) nor will the author of this column receive any royalties from its sale (in the interest of full disclosure). If you wish to order this ADA publication, go to the ADA's Product Catalogue at www.ada.org. You will need to log in as an ADA member to access this product (see special discount described on next page). Among the sample agreements contained in the appendix is a sample **Partnership Agreement** which covers twelve basic points:

1. Name and business
2. Term
3. Capital
4. Compensation
5. Duties
6. Management
7. Banking
8. Patient Records
9. Books (accounting)
10. Vacations/Continuing Education
11. Dissolution
12. Amendment/Binding Effect.

This is certainly a good place to start. The FAQ Legal book also contains an analysis of the pros and cons of various prac-



tice structures, including partnerships.

By the way, from time to time, I do receive phone calls asking for a lawyer referral. Please note that because neither the ADA nor the AAPD have the resources to evaluate the quality of lawyers who represent dentists in various business transactions around the country, neither organization provides referrals or endorsements of specific attorneys. Your best resource for obtaining a local attorney to assist in an area such as crafting or reviewing a partnership agreement is through resources such as your local dental or bar associations and your fellow colleagues in pediatric dentistry.

As a matter of fact, your colleagues can be excellent resources for a variety of issues with practice partnerships, as some AAPD members are involved in long-standing multi-partner practices. Multi-partner practices will require additional legal arrangements to specify issues such as control and governance, admission/expulsion of members, and compensation and return on investment for all "shareholders" in the practice.

Two other resources will also be useful background reading before signing a partnership contract:

- **For new pediatric dentists:** You can order the AAPD's publication "**New Dentists Guide to Beginning Practice**" for only \$15. Available on the AAPD Web site's online store (www.aapd.org), this guide was developed by the AAPD's New Pediatric Dentist Committee to help new pediatric dentists begin their own practices. The manual covers career opportunities, office management, and professional certifications.
- **For practice valuation analysis:** You can order the ADA's publication "**Valuing a Practice: A Guide for Dentists.**" Written by legal experts, this book can save practice buy-

ers and sellers money and eliminate frustration. It discusses fair market value, critical valuation issues, valuation methods, factors complicating the valuation process, buying vs. starting a practice, preparation for the sale and using advisors, legal and tax issues. Also included are case studies and sample letters.

For further information, please contact Deputy Executive Director and General Counsel C. Scott Litch at (312) 337-2169 or slitch@aapd.org.

[†] These figures are from the most recent statistical analysis of the profession of pediatric dentistry, the American Dental Association's 2002 Survey of Dental Practice: Pediatric Dentists in Private Practice, released in late 2004. This updates the prior survey data from 1998.

Just for AAPD members A special discount!!

For a limited time, order the ADA products cited in Litch's Log at the ADA member rate with an additional 10% discount.

Just mention the special AAPD offer codes when ordering to receive your extra 10% discount.

Valuing a Practice: A Guide for Dentists

J060 - Binder
Member: \$49.95
Offer code 20653.

Frequently Asked Legal Questions (Members Only!)

L752 - Binder and CD-ROM - NEW Best Value
Price: \$129.95
L756 - Binder - BEST SELLER
Price: \$89.95
L754 - CD-ROM - NEW
Price: \$89.95
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Offer expires July 31, 2006



CHILD ADVOCATE'S REPORT

YOU'RE INVITED TO THE ADVOCACY FORUM IN CINCINNATI

I encourage you to attend the upcoming Advocacy Forum at the Annual Session in Cincinnati. Each year we try to organize a program that is practical, hands-on and useful for our members' advocacy efforts at the local, state or national level. This year our program will focus on the public policy implications of the "Dental Home" from several perspectives. The location, schedule and time are listed below. Hope to see you there!

James J. Crall, AAPD Child Advocate

THE DENTAL HOME: IMPLICATIONS FOR PUBLIC POLICY & LOCAL INITIATIVES

Friday—May 26, 2006

2:00 – 4:00 PM

This session will explore the impact, opportunities and challenges of promoting the Dental Home concept in public policy and local service delivery arenas. The AAPD's Oral Health Policy on the Dental Home encourages parents and other care providers to help establish a dental home for every child by 12 months of age, including comprehensive oral health care, risk-based preventive services and individualized counseling in accordance with AAPD periodicity schedules.

2:00 – 2:15 PM—Overview of the Dental Home Concept and Preventive Cost Savings Analysis
James J. Crall, AAPD Child Advocate

2:15 – 3:45 PM—Ramifications of the ADA's 2005 Dental Home Resolution

Lindsey A. Robinson, pediatric dentist member of ADA's Council on Access, Prevention, and Interprofessional Relations

2:45 – 3:15 PM—Establishing a Dental Home for Children Enrolled in Medicaid

Michael J. Kanellis, Consultant to AAPD Council on Government Affairs

3:15 – 3:45 PM—Implementing and Advocating the Dental Home Concept at the Local Level

David K. Curtis, Chair, AAPD Council on Government Affairs, Past President

3:45 – 4:00 PM—AAPD's Grassroots Software: A New Tool for Federal and State Advocacy

C. Scott Litch, AAPD Deputy Executive Director and General Counsel