

Does a Professional Medical Corporation Prevent Liability?

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In today's video, we're going to talk about whether owning and operating a professional medical corporation actually protects the physician or other clinician against liability. So, the same question could be asked of a professional nursing corporation, professional physician assistant corporation, professional Chiropractic acupuncture corporation, and so on.

Hi everyone. I am still Michael H. Cohen, founding attorney of Cohen Healthcare Law Group. We help healthcare industry clients like you navigate the complex terrain of healthcare and FDA law so you can launch, grow, and scale your healthcare business.

Generally, one of the purposes of any corporation is to limit professional liability and transfer that risk to the entity. So, in broad terms, when the professional medical corporation gets sued, that liability is supposed to accrue to the corporation, not the individual. Now, there's one really significant exception that's known as piercing the corporate veil. Ouch.

If corporation is really a sham, if it doesn't follow corporate formalities like having a board of directors and regular meetings minutes, or is seriously undercapitalized, then yes, it's possible that the limited liability protection can be pierced, punctured.

The other important caveat is that if there is a malpractice lawsuit against the physician who's head of the professional medical corporation, or against any clinical staff that the physician is responsible for supervising, or for example, there might even be a claim of malpractice based on negligent supervision by the physician. Then, staff or the physician could be held personally liable, and the corporation then would not shield them against the liability. So, for that reason, it's important to get good malpractice policy with standard coverage amounts and that include the clinician or clinicians and including the physician owner as well as the corporation.

Thanks for watching. Please contact us with any questions. We've helped lots of healthcare industry clients build their dream and we look forward to talking to you and we wish you every business success.

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