

Incorporation or sole proprietor business

structures: Mental health practitioners who are in private practice often conduct business as sole proprietors, sometimes under a fictitious business name. Others may choose to incorporate their practice for a variety of reasons, including having an inter-disciplinary practice. Care must be taken to form the appropriate kind of corporation. I have spoken with therapists who were doing business as a general business corporation or as an LLC, in violation of a particular state law. In some states, a health professional who wishes to practice in the corporate form must form a professional corporation – of one kind or another – depending upon one’s licensure. One of the advantages of doing business as a professional corporation is that the corporation may be allowed to hire persons of various licensures (e.g., psychologist, physician, LCSW, etc.) to perform services within their respective scopes of practice. Thus, in some states, a mental health professional corporation may be able to offer and receive payment for medical services rendered by a licensed physician. The physician may be a shareholder in the corporation or merely an employee. Check the law in your state.