

Physician Associations: Getting Started To incorporate or not?

It is your group’s choice whether or not to incorporate your physician association (or network). This choice will depend on many factors, including how established your physician association is and the needs of the group.

What is incorporation?

Incorporation authorizes a group of people to act as a single entity (the corporation) and recognizes the group as a single entity under the law. There are benefits and drawbacks to incorporation:

Benefits	Drawbacks
Protects funding received	Can be a costly process (up to thousands of dollars)
Limits personal liability	Requires a lawyer and accountant <i>Note: these services are not currently available through the OMA</i>
Enables signing contracts as a legal entity	Is difficult to wind down or make structural changes (e.g. to Articles or By-laws)
	Has additional accountabilities (e.g. must file taxes)

Are there functional limitations to staying unincorporated?

No. Unincorporated physician associations can do all the same things that incorporated physician associations can, such as:

- Sign agreements (e.g., data sharing)
- Accept transfer-payment agreements
- Make purchases
- Open a bank account
- Have employees
- Elect and appoint physicians to governance or to the OHT leadership group

Unincorporated physician associations also have the advantage of being flexible, making it easier to evolve their structure over time or end their operations. They also have fewer costs and accountabilities, like filing taxes.

What about personal liability – are we at risk if we stay unincorporated?

Not necessarily. While incorporation is one way to limit personal liability and protect funds received by the physician association, insurance is another option that provides protection without having to incorporate.

The insurance for unincorporated physician associations is similar to the insurance held by FHOs and OMA Sections (a combination of Directors' and Officers' insurance and Errors and Omissions Insurance). This insurance would also cover physician association leaders for any work done as a representative at the OHT leadership table. To learn more, contact an insurance broker.

As an added layer of protection, physician associations should include a limitation of liability clause in their agreements if they are securing insurance. Contact OMA Legal at legal.affairs@oma.org for clause language.

Which approach does the OMA recommend?

The OMA does not recommend that physician associations incorporate as a rule. Physician associations holding funds are encouraged to speak with accountants and financial advisors to see what's right for them.

Deciding your next move

It's your group's decision whether to incorporate or not. Find your OMA regional manager at oma.org/regional-managers and contact them to help you decide.

***For more information about physician associations, visit oma.org/OHT**