

PMA Offers Conversion to Fixed Fee

Editorial Staff

In a letter dated May 10, 1991, Practice Management Associates, Inc. (PMA), offered some of its practice starters an opportunity to convert their existing contract to that of a "Practice Starter Seminar Program." This offer was made to those practice starters who have not yet opened their practice and are still in the "pre-countdown phase" of the program.

The choice is described in an accompanying information sheet as follows:

A. The PMA Practice Starter Program

\$25 processing fee

Term - 26 months after opening

\$75 per week for the first 8 weeks. \$75 per week or 10% of gross collections, whichever is greater, for the remaining 24 months.

\$10 seminar registration fee

Personal coaching and PS workshops

B. The PMA Practice Starter Seminar Program

\$25 processing fee

Term - 24 months after opening

\$95 per week for 24 months

\$10 seminar registration fee

No personal coaching and no PS workshops

A Practice Starter may convert to the seminar program anytime before they begin the pre-countdown phase. This opportunity can have different consequences depending on an individual's particular needs and circumstances:

For a Practice Starter who is very satisfied with the PMA program, wants the personal coaching and PS Workshops, and isn't concerned with having to pay PMA 10% of their gross collections, regardless of the amount they actually net, the regular Practice Starter contract may be the right choice.

A Practice Starter client who is satisfied with the program, but doesn't feel they need personal coaching or PS Workshops and would rather face a fixed fee schedule of \$95 per week (\$9,880 total), may wish to convert to the Seminar Program.

But a dissatisfied Practice Starter should be very careful. Currently, many of the lawsuits that PMA clients are involved in are arguing that the PMA percentage contract constitutes illegal fee-splitting (please see "Percentage Contracts Found Illegal in New York and Illinois" in this issue).

Interestingly enough, my copy of the conversion letter was sent to me by a DC who has been in litigation with PMA for some time. This DC has been in practice for more than two years.

Attorney Michael J. Schroeder, who has represented PMA clients in the past, explains why this conversion letter may effect present or future litigation:

"If a doctor is challenging a PMA contract based on the claim that the PMA Practice Starter Program necessarily constitutes illegal fee-splitting, signing a contract shifting over to the PMA Practice Starter Seminar Program could constitute a waiver of that claim. The new contract would probably be considered a 'novation' that would replace the old contract and thus would leave the doctor with nothing to challenge.

"I would strongly advise a doctor who is considering disputing his or her PMA Practice Starter contract to see their attorney before switching over to a PMA Practice Starter Seminar contract."

JULY 1991