



WHITE PAPER

Medical Directorship Responsibilities and Precautions

Physicians around the country are entering into medical director agreements in a variety of settings. While such an arrangement has advantages for the physician, there are also some potential consequences that physicians should be aware of as they carry out the duties specified in these roles. Government regulators and medical boards aggressively enforce their rules where they perceive a violation.

Here are two key items to be aware of before entering into a medical director services agreement:

- **Ancillary personnel supervision.** In short, know how to do what you offer. Medical directorship encompasses many requirements, oftentimes including the supervision of various healthcare providers and ancillary personnel. This is part of the agreement for several reasons such as medical staff bylaws, CMS billing regulations, and boards of directors' oversight stipulations. Failure to provide the appropriate supervision can trigger not only contractual breach notifications, but may also result in allegations of false claims being made to the Medicare or Medicaid programs. Indeed many times governmental regulators seek to hold medical directors accountable for administrative, civil, or criminal damages.

- **Professional liability issues.** Medical directorship also comes with potential issues related to professional liability and the physician's medical malpractice coverage. These issues may arise from the execution of duties which the medical director is performing as required by the agreement. Physicians serving as medical directors are often required to review clinical, patient care, and risk management policies and procedures as part of their duties and obligations. As mentioned above, medical directors are frequently obligated to supervise other personnel (e.g. other physicians, nurse practitioners, physician assistants, etc.).

There have been cases where the plaintiff's allegations of negligence are targeted not only at the healthcare provider and facility, but also at the medical director for failure to provide adequate supervision. Therefore, physicians should not overlook medical malpractice insurance and indemnification provisions that are either not included in their medical director contracts or contain poorly written provisions.

Many physicians enter into medical directorship arrangements hoping to "get rich quick" while unsuspectingly jeopardizing their medical license. Medical director services agreements can have unforeseen negative effects on the physicians who serve in these roles. Understanding the duties of the medical director as well as the associated responsibilities and liabilities is paramount. Consequently, those physicians contemplating entering into such an arrangement should have a qualified individual carefully review the document before signing.

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