New Jersey Court Opines on Disabled Physician Owner's Right to Profits



3/30/2023

The New Jersey Appellate Division issued an unpublished opinion regarding a dispute between physician owners of a medical practice involving the interpretation of the medical practice's governing documents. The dispute centered around one of the owner's permanent disability and his entitlement to the net profits of the practice until the completion of his contractual buy-out. As a result of the disability, the physician was no longer able to provide services under the applicable agreements. The disabled physician argued that he was entitled to his share of the profits of the practice, even though he was not providing services, until that contractual buy-out was completed. The court found that a strict interpretation of the documents and the parties' course of dealing did not support his claim to profits because he did not comply with the expectations and obligations of practice owners while disabled. Additionally, the court noted that the agreements did not require the practice to pay a permanently disabled member any profits pending a resolution of the buy-out of the member's interest. As such, the court held that the disabled physician was not entitled to receive his share of the net profits of the practice during the time period of his disability before the completion of his buy-out.

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For more information, contact:
Joseph M. Gorrell | 973.403.3112 | jgorrell@bracheichler.com
Caroline J. Patterson | 973.403.3141 | cpatterson@bracheichler.com
Emily J. Harris | 973.364.5205 | eharris@bracheichler.com