



Wisconsin Chiropractic Association

# Help Desk FAQs

## Frequently Asked Questions on Owning a Chiropractic Clinic in Wisconsin

### Who can own a Chiropractic clinic in Wisconsin?

Only a licensed chiropractor can practice chiropractic in Wisconsin. Non-licensed individuals and entities can own real estate and assets that comprise a “clinic,” but a non-licensed individual cannot practice chiropractic, direct a licensed chiropractor in the provision of chiropractic services, or otherwise interfere with the medical judgment of a licensed chiropractor.

### What type of business entity can a chiropractic clinic be (ex: service corporation, etc.)?

Any legal entity recognized by the state of Wisconsin: a service corporation, a sole proprietorship, a limited partnership, a general partnership, a corporation, a limited liability company. There are reasons to use certain entities in certain situations to help the owner minimize tax exposure and the exposure of personal assets. Wis. Stat. § 180.1903 governing **service corporations** provides that “one or more natural persons licensed, certified or registered pursuant to any provisions of the statutes, if all have the same license, certificate or registration or if all are health care professionals, may organize and own shares in a service corporation.”

### Who is considered a licensed “health care professional?”

A “licensed health care professional” means an individual who has received specialized training in a particular aspect of the health care field and the state has recognized that in order to practice that profession, a specific state license is required. The license may be issued by the state after an examination, after graduation from a specific type of educational institution, or after the fulfillment of certain requirements (such as a certain number of years of experience). A “licensed health care professional” may only practice their professional skills within the scope of their license, as that is defined and restricted by the profession’s state licensing body. Furthermore, “health care professional” is defined as an individual licensed, registered or certified by any of the following:

- The massage therapy and bodywork therapy affiliated credentialing board
- Chiropractic examining board
- Board of nursing
- Dentistry examining board
- Medical examining board
- Physical therapy examining board
- Podiatry affiliated credentialing board
- Dietitians affiliated credentialing board
- Athletic trainers affiliated credentialing board
- Occupational therapists affiliated credentialing board
- Optometry examining board
- Pharmacy examining board
- Psychology examining board
- Marriage and family therapy, professional counseling, and social work examining board
- Hearing and speech examining board

Wis. Stat. § 180.1901(1m).

**Is there a difference between someone (or some entity) owning the chiropractic “practice” compared to the office/clinic (land and/or building) itself?**

Yes. Only a licensed chiropractor can practice chiropractic in Wisconsin. So while a non-licensed person/entity can own the land, building, and clinic, only a licensed chiropractor can practice chiropractic.

**Can a group of massage therapists open a clinic that includes in its service offerings chiropractic care?**

A group of massage therapists can own a facility that offers chiropractic services, in addition to other services such as massage therapy, but only a licensed chiropractor can perform the chiropractic services.

**If a Chiropractic clinic is owned by 2 DC’s, and 1 passes away and wills his share to his spouse who is not a health care professional, must the clinic disband?**

No, the clinic does not necessarily need to be dissolved. The partnership should have a contract that outlines how ownership transfers in the case of a death of one partner. This contract should be drafted in consultation with an attorney, taking into account each partner’s estate planning needs. The non-licensed individual could own real estate and other assets. But, the non-licensed individual could not practice chiropractic or otherwise own part of the “chiropractic practice.”

**May a husband and wife co-own a DC clinic, if one is not a DC? What if the DC spouse has controlling interest (51% or more ownership)?**

The non-licensed spouse cannot own part of the practice, but can own physical assets and other aspects of a business.

**Can a non-DC spouse own the clinic building and land, and the DC “rent” the space for the practice?**

Yes. It is common for medical practices to rent space from another entity. Oftentimes, the real estate entity is owned by the same individuals as the medical practice. This separation is oftentimes recommended for risk management purposes or as part of estate planning or business succession planning. Consult with an attorney to develop the most appropriate risk-minimizing, tax efficient structure for your business and personal assets.

**What is the difference between an owner, a partner, subcontractor, and an employee?**

An “owner” has contributed capital or services to the business in exchange for an ownership interest. The term “owner” is a generic term that could refer to any owner of equity in a partnership, limited liability company, or corporation. Legally, “partner” and “owner” are interchangeable, though sometimes references to “partner” are even more general and refer to a business partner that may not actually own part of the business. An employee is an individual who has entered into an employment arrangement with a business. For tax purposes, the employer must retain employment-related taxes and submit a W-2 to the employee at the end of the year. Employees can have considerable authority to act on behalf of the employer (for example, the president of a corporation is an employee), or the employee may be very limited in its authority (for example, a part-time employee who performs a specific, limited task such as cleaning). Subcontractors (or independent contractors or consultants) are individuals or companies that are retained by businesses to perform certain tasks, typically pursuant to a services contract. At the end of the year, the business issues a 1099 to the subcontractor for tax purposes.

*These questions and their associated answers touch on complex, important aspects of structuring a business in Wisconsin. If you are consulting this FAQ, you should also consult a business attorney with expertise in structuring medical practices, minimizing legal liability, maximizing tax advantages, and planning your business in a manner that is most appropriate for estate planning purposes. These answers are not legal advice and should not be used in lieu of consultation with an attorney. Please contact the WCA for a referral to the WCA’s preferred legal counsel.*