



Corporate Behavioral Healthcare: “Not So Fast”

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Presented by



Kevin J. Ryan

Member of the Firm

kryan@ebglaw.com

312-499-1421

This Webinar will provide:



- A discussion of the concept of the “corporate practice of medicine” and other professional services:
 - Who is allowed to employ licensed professionals
 - Professional corporations
 - The management of professional corporations
 - National expansion
- Scope of practice issues

Corporate Practice of Medicine



- General Business Entities May Not Practice Medicine Defined As:
 - “Any person who practices or attempts to practice, or who advertises or holds himself or herself out as practicing, any system or mode of treating the sick or afflicted in this state or who diagnoses, treats, operates for, or prescribes for any ailment, blemish, deformity, disease, disfigurement, disorder, injury, or other physical or mental condition of any person.” California Business and Professions Code §2502.
 - Similar Provisions in Other States

Corporate Practice of Medicine



- Practical Aspects on the Prohibition on the Corporate Practice of Medicine
 - Ownership of a Profession Practice is limited to Professional
 - Ownership of a Professional's practice by lay persons is prohibited
 - Ownership of a Professional's practice by a general business corporation is prohibited
 - Certain exceptions apply for ownership by hospitals and HMOs
- Management Agreements
 - Professional decision making must be left to professionals
 - Advertising of professional services can only be done by professional
 - Determination of how many patients to see in a given period of time cannot be decided by an unlicensed person
 - Determination of what tests are appropriate for a particular condition can only be done by professional

Corporate Practice of Medicine



- Violation of the Prohibition on Corporate Practice of Medicine
 - Can be a Felony
 - Fines
 - Prison
 - Licensure Action taken against professional
 - Can also pursue anyone who aids and abets the violation

Professional Corporations



■ The “Friendly PC” Model

- A professional corporation is formed by a professional associated with the management company
- A Stock Transfer Agreement is entered into between the management company and the professional
- The Stock Transfer Agreement allows the management company to designate the owner of the stock of the professional corporation
- Certain states may restrict use of Stock Transfer Agreement

National Expansion



- Can set up a PC in each state in which management company will operate
- Can set up one PC and qualify it as a foreign corporation in other states
- Not all states allow foreign PCs

Scope of Practice



- State licensure laws govern scope of practice of professionals
- Scope of practice may vary by state
- Licensure in state of patient

Questions?



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Upcoming Webinars

Behavioral Health Crash Course Series



- **Mental Health Parity Implementation: Are We There Yet?**
March 22 at 2:00 - 2:15 p.m. ET
Lesley R. Yeung
- **Managed Care and Behavioral Health**
March 29 at 2:00 - 2:15 p.m. ET
Jackie Selby

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Thank you.