

**TESTIMONY OF DR. JASON BROWN, VICE PRESIDENT OF THE
NEW YORK STATE CHIROPRACTIC ASSOCIATION**

JOINT ASSEMBLY AND SENATE HIGHER EDUCATION BUDGET HEARING

FEBRUARY 8, 2016

Chairwoman Young, Chairman Farrell, Assembly Higher Education Chairwoman Glick, Senate Higher Education Chairman Lavallo and members of the Joint Higher Education Budget Committee:

I thank you for this opportunity to submit testimony for your consideration as you are reviewing proposals with respect to the proposed 2016 – 2017 New York State Budget. My name is Dr. Jason Brown, and I am the Vice President of the New York State Chiropractic Association. I am here today to ask you to include in your one-house budgets, a proposal that was included in the Senate one-house budget last year, S215-A by Senator Jack Martins and A4391 by Assemblyman Daniel O'Donnell. This legislation would allow doctors of chiropractic and medical physicians to integrate and enter into joint business ventures. This integrated practice model would allow for collaboration and the use of patient-centered evidence-based care and best practices to improve patient care, reduce costs, enhance communication with and coordination of care among patients, physicians and doctors of chiropractic. Attached to this testimony are extensive written remarks that really dig into the arguments and rationale in support of this legislation. Rather than go into the specific details here, I will simply hit the high points and ask that you please carefully review my written comments.

There are three main points that I would like to make. First, the prohibition on allowing doctors of chiropractic to form business entities with medical doctors stems from the corporate

practice of medicine doctrine. As my written comments explain in full detail, the corporate practice of medicine doctrine has no place in today's world of integrated healthcare. The corporate practice of medicine doctrine is an antiquated doctrine that was designed to protect the medical profession from intrusion by lay persons. Federal law long ago allowed lay persons to enter into the healthcare world. This legislation does not allow lay persons to enter into a business arrangement with medical doctors but would allow another healthcare professional to do so.

There is a great need for this legislation. The second point I would like to cover is that team-based health-care, integrated and collaborative care arrangements, is the future of healthcare. Even before, but especially since the passage of the Affordable Care Act, there has been a push to embrace integrated healthcare. This push has come about for many reasons, but specifically because it ensures that valuable resources are used in the most timely and efficient way possible; it helps to avoid mistakes and duplication of services, and integrated settings bring together the expertise and instincts of those healthcare providers in the integrated practice. These settings allow for continuous and reliable patient care.

Patient care is at the heart of this legislation. Integrated, collaborative settings most benefit the patients that are seeking healthcare services. These integrated practices help patients receive connected and coordinated care, which helps to reduce inefficiencies, redundancies and excesses. This streamlined care helps to improve patient outcomes and saves patients time and money.

I also feel it is important to note that the decision of a medical doctor to enter into a business entity with a doctor of chiropractic is 100% voluntary. This will not force any practitioner to practice with someone they do not want to practice with. We have collected hundreds of letters from

medical doctors across the State that would like to have the opportunity to enter into an integrated practice with a doctor of chiropractic.

Finally, I just want to note that these types of integrated practices are not new. Many other states already allow for integrated practices including Connecticut, Pennsylvania, California, Florida, Missouri, Tennessee, Kentucky, Minnesota, Arizona, North Carolina, Virginia and Alabama to name a few.

For these reasons, and for the extensive reasons outlined in my written statement, on behalf of the New York State Chiropractic Association, I strongly urge you to include S215-A/A4391 in your one-house budget proposals.

Thank you for your time and attention.

**WRITTEN COMMENTS BY JASON BROWN, DC, VICE PRESIDENT
OF THE NEW YORK STATE CHIROPRACTIC ASSOCIATION,
BEFORE THE JOINT ASSEMBLY AND
SENATE HIGHER EDUCATION BUDGET HEARING**

There are three important areas to address when reviewing whether the time has come to allow for integrated, multi-disciplinary healthcare practices in New York, as is imagined in A4391 (O'Donnell)/S215-A (Martins). Below is an analysis of each of these areas.

I. A review of the Corporate Practice of Medicine (CPOM) Doctrine and its' demise

PROFESSIONAL INCORPORATION LAWS, LIKE THE ONES OUTLINED IN ASSEMBLY BILL, A4391/S215-A, WERE ENACTED IN THE LATE 1950s AND EARLY '60s FOR A TWOFOLD PURPOSE:

- (1) IMPORTANTLY, THEY ALLOWED PROFESSIONALS TO INCORPORATE TO OBTAIN THE BENEFIT OF SOME PROTECTIONS PROVIDED BY CORPORATE LAWS AND THEY ALSO ALLOWED TAX AND PENSION BENEFITS THAT PREVIOUSLY HAD BEEN AVAILABLE ONLY TO OWNERS AND EMPLOYEES OF CORPORATIONS.
- (2) THE LAWS ALSO GENERALLY PROVIDED THAT ONLY PERSONS WHO HAD ACQUIRED A LICENSE TO PRACTICE A PARTICULAR PROFESSION COULD CREATE AND OWN SHARES IN A PROFESSIONAL CORPORATION. IN MEDICINE, THESE LAWS FORTIFIED THE PROFESSION'S OBJECTIONS TO LAY-INFLUENCE, OWNERSHIP AND CONTROL OVER MEDICAL PRACTICES IN A DOCTRINE KNOWN AS THE CORPORATE PRACTICE OF MEDICINE.

THIS DOCTRINE WAS A PRODUCT OF A DELIBERATE EFFORT BY THE AMERICAN MEDICAL ASSOCIATION (AMA), AT THE TURN OF THE LAST CENTURY, TO CONSOLIDATE AND ASSERT ITS CONTROL OVER THE PRACTICE OF MEDICINE; TO STEM THE INVOLVEMENT OF CORPORATIONS MEDDLING IN MEDICAL PRACTICES WHEN RAILROAD, TIMBER AND MINING INTERESTS WERE HIRING PHYSICIANS TO PROVIDE CARE FOR THEIR EMPLOYEES; AND TO STOP LAY-OWNED COMPANIES FROM PEDDLING MEDICAL SERVICES TO THE PUBLIC AND PROFITING FROM SERVICES AND CARE AT THE EXPENSE OF MEDICAL DOCTORS.

IN 1912, THE AMA TOOK A STAND BY AMENDING ITS *PRINCIPLES OF MEDICAL ETHICS* TO OPPOSE "CONTRACT PRACTICE." IN 1934, THE AMA ADDED ANOTHER PROVISION CONDEMNING ARRANGEMENTS WHEREBY LAY ENTITIES PROFITED FROM THE "COMPENSATION RECEIVED BY A PHYSICIAN FOR PROVIDING MEDICAL SERVICES." THE AMA ENFORCED THESE PROHIBITIONS VIGOROUSLY.

THREE EVENTS TRANSPIRED DURING THE 1970s THAT UPENDED THE CORPORATE PRACTICE OF MEDICINE DOCTRINE.

FIRST, CONGRESS ENACTED THE HEALTH MAINTENANCE ORGANIZATION ACT OF 1973 USHERING IN THE ERA OF MANAGED CARE. IN 1973, THERE WERE ONLY ABOUT 30 HMOs IN EXISTENCE COVERING FEWER THAN 3 MILLION INDIVIDUALS, NEARLY ALL BLACKLISTED BY ORGANIZED MEDICINE. NEVERTHELESS, WITH A DECADE OF DIRECT FEDERAL ASSISTANCE, HMOs MULTIPLIED. BY 1986, THERE WERE MORE 400 HMOs IN EXISTENCE COVERING NEARLY 200 MILLION SUBSCRIBERS. IMPORTANTLY, THE HMO ACT PREEMPTED CONTRARY STATE LAWS THAT COULD BE USED TO CURTAIL HMO DEVELOPMENT, IN PARTICULAR THE STATE-BASED CORPORATE PRACTICE OF MEDICINES LAWS INSPIRED BY THE AMA. AS IMPORTANT, HOWEVER, THE HMO ACT LEFT THE OVERSIGHT, MANAGEMENT AND REGULATION OF HMOs UP TO THE INDIVIDUAL STATES.

THE HMO ACT OPENED THE FLOODGATES TO THE COMMERCIALIZATION OF HEALTH CARE AND CONTRACT MEDICINE, AND CORPORATE MANAGEMENT CONTROLS LIKE PRIMARY CARE GATEKEEPERS, PRACTICE GUIDELINES, UTILIZATION REVIEW, FEE SCHEDULES AND PRICE CONTROLS, AND QUALITY ASSURANCE AND MANAGEMENT PROGRAMS BY LAY ADMINISTRATORS AND INVESTORS. WITH THE STROKE OF PRESIDENT NIXON'S PEN, IN 1973, THE CORPORATE PRACTICE DOCTRINE STARTED TO UNWIND.

SECOND, IN 1974, CONGRESS PASSED THE EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA). ERISA CREATED A HUGE HOLE IN STATE LAW, RULE AND REGULATION, MANAGEMENT AND OVERSIGHT OF EMPLOYEE BENEFITS AND HEALTH INSURANCE

REGULATION. ALL EMPLOYER-PROVIDED AND EMPLOYEE-ORGANIZATION PROVIDED, PRIVATE, GROUP HEALTH BENEFIT PLANS ARE SUBJECT TO ERISA, WHETHER THEY ARE INSURED OR SELF-INSURED BENEFIT PLANS. ERISA PREEMPTS "ANY AND ALL STATE LAWS" AS THEY MAY "RELATE TO" ANY EMPLOYEE BENEFIT PLAN – INCLUDING AMA INSPIRED STATE CORPORATE PRACTICE OF MEDICINE DOCTRINE. STATE INSURANCE LAWS WERE "SAVED" FROM PREEMPTION BUT ONLY CAME INTO PLAY IF AN EMPLOYER OR EMPLOYEE-ORGANIZATION ACTUALLY PURCHASED A STATE-REGULATED INSURANCE PRODUCT. EMPLOYERS- AND EMPLOYEE-ORGANIZATIONS, WHO SELF-INSURED THEIR BENEFIT PLANS, WERE DEEMED NOT TO BE ENGAGED IN "THE BUSINESS OF INSURANCE" AND THEREFORE, NOT SUBJECT TO STATE REGULATION.

THE EFFECT OF ERISA HAS BEEN PROFOUND, BUT UNANTICIPATED, EVEN BY CONGRESS. IN 1974, WHEN ERISA WAS ENACTED FEWER THEN 4% OF ALL EMPLOYEE BENEFIT PLANS WERE SELF-INSURED; ROUGHLY 96% OF HEALTH INSURANCE PLANS PURCHASED A STATE-REGULATED INSURANCE PRODUCT. HOWEVER, ACCORDING TO THE 2015 KAISER FAMILY FOUNDATION/HEALTH RESEARCH EDUCATIONAL TRUST ANNUAL SURVEY OF EMPLOYER-EMPLOYEE BENEFITS, FEWER THAN 1% OF HEALTH PLANS TODAY ARE TRADITIONAL, STATE-REGULATED INSURANCE PRODUCTS; 24% ARE STATE-REGULATED HMOS, AND A WHOPPING 63% OF ALL PLANS NATIONWIDE (70% IN THE NORTHEAST) ARE SELF-INSURED PLANS EXEMPT FROM STATE REGULATION.

THIS PUTS THE MAJORITY OF HEALTH PLANS IN THE UNITED STATES, BEYOND THE REACH OF STATE REGULATION AND SUBJECTS SELF-INSURED PLANS ONLY TO THE LOOSE OVERSIGHT OF THE U.S. DEPARTMENT OF LABOR. EVEN WORSE, SELF-INSURED PLANS HIRE INSURANCE CARRIERS AS "THIRD-PARTY ADMINISTRATORS" (TPAs) TO ADMINISTRATE CLAIMS THROUGH "ADMINISTRATIVE SERVICES ONLY" (ASO) CONTRACTS. SINCE TPAs ARE ONLY SUPPLYING SECRETARIAL SERVICES, COURTS HAVE RULED THESE "MINISTERIAL DUTIES" ARE BEYOND STATE REGULATION. FURTHER, SINCE THESE TPAs ARE "NOT AT RISK," COURTS HAVE ALSO DECLARED THAT THE TPAs ARE NOT ENGAGED IN THE "BUSINESS OF INSURANCE" THAT WOULD SUBJECT TPAs TO STATE INSURANCE LAWS, RULES AND REGULATIONS. IN ADDITION, TPAs OFTEN CONTRACT WITH PROVIDERS TO FORM PREFERRED PROVIDER ORGANIZATIONS

(PPOs). NEITHER TPAs NOR PPOs ARE REGULATED BY NEW YORK. THE BOTTOM LINE IS THAT FOR CONTRACT AND CORPORATE PRACTICE SITUATIONS, THE COMMERCIALIZATION AND LAY-ENTITY INVOLVEMENT IN HEALTH CARE THAT SO-OCCUPIED THE ATTENTION OF THE AMA, AND SO DISTRESSED THE STATE MEDICAL SOCIETIES IN THE LAST CENTURY, HAVE BECOME A *FAIT ACCOMPLI*. AND IRONICALLY ENOUGH, AS A RESULT OF ERISA, HEALTH PROFESSIONALS HAVE BEEN ABLE TO ENGAGE IN BUSINESS RELATIONSHIPS WITH LAY-CONTROLLED, SELF-INSURED EMPLOYEE BENEFIT PLANS AND THEIR THIRD-PARTY ADMINISTRATORS BUT NOT EACH OTHER DUE TO STATE PROFESSIONAL INCORPORATION LAWS. THESE CONTRACTUAL RELATIONSHIPS ARE OFTEN PROTECTED FROM STATE INTERFERENCE BY THE OPERATION OF ARTICLE 1, SECTION 10 OF THE UNITED STATES CONSTITUTION. THE BOTTOM LINE IS THAT, BECAUSE OF ERISA, IT IS EASY FOR ME AND THE PHYSICIAN NEXT DOOR TO CONTRACT WITH LAY-CONTROLLED ENTERPRISES; BUT WE ARE PROHIBITED FROM ENTERING A BUSINESS RELATIONSHIP TOGETHER DUE TO OUTDATED STATE PROFESSIONAL INCORPORATION LAWS.

THIRD, ON DECEMBER 19, 1975, THE FEDERAL TRADE COMMISSION (FTC) COMMENCED AN ACTION AGAINST THE AMA OVER THE ETHICAL PROHIBITIONS IN THE AMA'S *PRINCIPLES OF MEDICAL ETHICS*, AND ITS CORPORATE PRACTICE OF MEDICINE DOCTRINE, CHARGING THE AMA WITH VIOLATIONS OF SECTION 5 OF THE FTC ACT.¹ IN 1979, AFTER A LENGTHY AND THOROUGH LEGAL ODYSSEY, AN FTC ADMINISTRATIVE LAW JUDGE FOUND THE AMA *PRINCIPLES* TO BE ANTI-COMPETITIVE AND AN "UNREASONABLE RESTRAINT OF TRADE." OF INTEREST, THE LAW JUDGE CITED AMA PROHIBITIONS THAT PREVENTED "**PARTNERSHIPS BETWEEN PHYSICIANS AND NON-PHYSICIAN HEALTH PROFESSIONALS**" AND HIGHLIGHTED AMA ADMONITIONS THAT ONLY ALLOWED PHYSICIANS TO ENTER INTO "**PROFESSIONAL ASSOCIATIONS OR CORPORATIONS FOR THE DELIVERY OF HEALTH CARE ONLY IF OWNERSHIP OF THE ORGANIZATION REMAINS SOLELY IN THE HANDS OF LICENSED PHYSICIANS.**" THE FULL FTC COMMISSION TENDERED SIMILAR FINDINGS REGARDING THE PRACTICE ARRANGEMENTS BETWEEN PHYSICIANS AND NON-PHYSICIANS HOLDING THAT THE **BLANKET PROHIBITIONS AGAINST COOPERATIVE PRACTICES WERE "INHERENT[LY] ANTICOMPETITIVE"** AND "**CONSTITUTED UNFAIR METHODS OF COMPETITION UNDER**

SECTION 5 OF THE FTC ACT. THIS MEANS THAT THE AMA PROHIBITIONS THAT MIMICKED STATE PROFESSIONAL INCORPORATION STATUTES LIKE NEW YORK'S, AND THUS HAVE THE SAME EFFECT, WERE DECLARED ILLEGAL.

AMONG OTHER THINGS, THE FTC ORDERED THE AMA TO CEASE AND DESIST FROM:

“RESTRICTING, INTERFERING WITH, OR IMPEDING THE GROWTH, DEVELOPMENT OR OPERATION OF ANY ENTITY THAT OFFERS PHYSICIANS' SERVICES TO THE PUBLIC BY MEANS OF ANY STATEMENT OR OTHER REPRESENTATION CONCERNING THE ETHICAL PROPRIETY OF PARTICIPATION BY NON-PHYSICIANS IN THE OWNERSHIP OR MANAGEMENT OF SAID ORGANIZATION.”

DISSATISFIED WITH THE OUTCOME, THE AMA SUED THE FTC IN FEDERAL COURT IN NEW YORK. THE SECOND CIRCUIT AFFIRMED THE FTC DECISION AND ORDER REASONING THAT THE **“AMA'S ACTIONS, IN CONCERT WITH STATE SOCIETIES, CONSTITUTED UNLAWFUL ANTITRUST BEHAVIOR UNDER THE FTC ACT** AND ORDERED THE FTC DECISION **“ENFORCED.”** THE AMA APPEALED AGAIN. THE SECOND CIRCUIT DECISION WAS UPHeld BY A **“PER CURIAM”** OPINION OF THE U.S. SUPREME COURT. AS A CONSEQUENCE, THE AMA'S CORPORATE PRACTICE OF MEDICINE DOCTRINE POLICIES HAVE BEEN SCRUBBED FROM THE AMA'S *PRINCIPLES OF MEDICAL ETHICS*.

AND STILL, STATE DOCTRINAL PROFESSIONAL INCORPORATION PROHIBITIONS REMAIN.

AS A RESULT OF THE HMO ACT, ERISA AND THE FTC DECISION AND ORDER, A NUMBER OF STATES ACTED TO RESCIND, MODIFY AND AMEND THEIR STATE POLICIES WITH RESPECT TO THE CORPORATE PRACTICE OF MEDICINE DOCTRINE, INCLUDING THEIR STATE PROFESSIONAL INCORPORATION LAWS BUT NOT NEW YORK.

II. Team-based Health Care – Interprofessional Education and Collaborative Care Arrangements are the Future of Health Care

MY SECOND POINT HAS TO DO WITH CHANGES IN HEALTHCARE. I DON'T THINK IT NECESSARY TO RECOUNT ALL OF THE CHANGES BROUGHT ABOUT BY THE PATIENT

PROTECTION AND AFFORDABLE CARE ACT KNOWN COLLOQUIALLY AS “OBAMACARE.” SUFFICE IT TO SAY THAT IT IS NOT SURPRISING THAT MANY OF THE FEATURES OF THE AFFORDABLE CARE ACT HAD BEEN PROPOSED AND DEBATED BY HEALTH POLICY EXPERTS AND TESTED IN A VARIETY OF FEDERALLY FINANCED DEMONSTRATION PROJECTS IN THE DECADE AND A HALF PRECEDING ENACTMENT OF OBAMACARE.

OF IMPORTANCE TO CHIROPRACTIC, HOWEVER, ARE THE MANY REPORTS OF THE PEW HEALTH COMMISSION DURING THE 1990s CALLING FOR AN OVERHAUL OF INTERPROFESSIONAL EDUCATION, IN PARTICULAR, THE NEED FOR TEAMS OF INTERDISCIPLINARY AND MULTIDISCIPLINARY TRAINED PROVIDERS.

IN 2003, THE NATIONAL ACADEMY OF SCIENCES, INSTITUTE OF MEDICINE (IOM) COMMITTEE ON HEALTH PROFESSIONS EDUCATION SUMMIT ECHOED THE PEW FOUNDATION CALL. THE IOM COMMITTEE CHARTERED A “**NEW COURSE**” FOR HEALTH PROFESSIONS EDUCATION “CENTERED ON A COMMITMENT, TO FIRST AND FOREMOST, TO MEET PATIENTS’ NEEDS WITH THE FOLLOWING OVERARCHING VISION, THAT:

“ALL HEALTH PROFESSIONALS SHOULD BE EDUCATED TO DELIVER PATIENT-CENTERED CARE AS MEMBERS OF AN **INTERDISCIPLINARY TEAM . . .**”

AGAIN, IT IS NOT SURPRISING THAT THESE CONCEPTS FOUND THEIR WAY INTO THE AFFORDABLE CARE ACT. FOR EXAMPLE, SECTION 3502 OF THE ACT DEALS WITH PATIENT-CENTERED MEDICAL HOMES – AN ENTITY THAT IS EXPLODING IN GROWTH ACROSS THE U.S. – HAD PROPOSED THAT MEDICAL HOMES “**ENSURE THAT THE [PCMH] HEALTH TEAM . . . INCLUDES AN INTERDISCIPLINARY, INTERPROFESSIONAL TEAM OF HEALTH CARE PROVIDERS, INCLUDING . . . DOCTORS OF CHIROPRACTIC.**”

CHIROPRACTORS ASPIRE TO THIS ROLE. HOWEVER, A CHIROPRACTOR CANNOT FILL THIS ROLE IF STATE PROFESSIONAL INCORPORATION STATUTES CONTINUE, AS THE FTC WOULD SAY, “**TO PROHIBIT PARTNERSHIPS BETWEEN PHYSICIANS AND NONPHYSICIAN HEALTH CARE PROFESSIONALS.**” AS THE FULL FTC COMMISSION NOTED IN 1979, THE **BLANKET PROHIBITIONS AGAINST COOPERATIVE PRACTICES ARE “INHERENT[LY] ANTICOMPETITIVE” AND “CONSTITUTE UNFAIR METHODS OF**

COMPETITION UNDER SECTION 5" OF THE FTC ACT. AND YET THE CORPORATE PRACTICE PROHIBITIONS IN STATE LAW REMAIN IN EFFECT. IF THE MEDICAL SOCIETY OF THE STATE OF NEW YORK (MSSNY) HAD ITS WAY, FAR FROM BEING TEAM MEMBERS INVOLVED IN INNOVATED, INTERDISCIPLINARY/MULTIDISCIPLINARY HEALTH CARE DELIVERY ENTERPRISES, MSSNY WOULD MAINTAIN THE STATUS QUO. MSSNY HAS OUTLINED THEIR ARGUMENTS IN OPPOSITION TO A.4391/S215-A, AND THESE ARGUMENTS SHOW THEIR DESIRE TO MAINTAIN THE STATUS QUO.²

III. A REVIEW OF THE RULES IN OTHER STATES

WHILE SOME STATES APPEAR TO HAVE STATUTES THAT ARE SIMILAR IN SCOPE AND INTENT AS NEW YORK, THERE ARE SOME NOTABLE DIFFERENCES AS WELL. FOR EXAMPLE:

- (1) ALASKA, LOUISIANA, MONTANA, NEBRASKA, AND NORTH DAKOTA NEVER SPECIFICALLY ADOPTED A CORPORATE PRACTICE OF MEDICINE DOCTRINE PER SE.³ IN OTHER STATES, SUCH AS MISSOURI,⁴ THE STATE REPORTEDLY "ABANDONED" THE DOCTRINE. IN NEW MEXICO, THE STATE'S ATTORNEY GENERAL ISSUED AN OPINION THAT CONCLUDED THAT "UNLESS PROHIBITED BY STATUTE OR BY PUBLIC POLICY CONSIDERATIONS AGAINST LAY CONTROL OF MEDICAL JUDGMENT AND LAY EXPLOITATION OF THE PRACTICE OF MEDICINE, CORPORATIONS ORGANIZED AND CONTROLLED BY NON-PHYSICIANS, MAY PROVIDE MEDICAL SERVICES TO THE PUBLIC THROUGH EMPLOYED PHYSICIANS."⁵ IN OKLAHOMA, ONE COMMENTATOR NOTED WRYLY THAT THE SITUATION WAS FLUID DEPENDING ON WHOM YOU "BELIEVED."⁶**

- (2) IN SPITE OF THE LONG-HELD OBSESSION AGAINST THE DIRECT INVOLVEMENT OF LAY-PERSONS AND ENTITIES IN PROFESSIONAL HEALTH CARE BUSINESS MATTERS, THE NATIONAL HEALTH LAWYERS ASSOCIATION (NOW THE AMERICAN HEALTH LAWYERS ASSOCIATION), INDICATES THAT, IN FACT, SOME STATES DO ALLOW LAY PERSONS TO BE INVOLVED IN PROFESSIONAL CORPORATIONS, PROFESSIONAL ASSOCIATIONS,⁷ PROFESSIONAL ENTITIES,⁸ AND LIMITED LIABILITY COMPANIES –**

SOMETIMES ONLY AS MANAGERS AND DIRECTORS, NOT AS STOCK HOLDERS, BUT IN SOME INSTANCES AS LAY-INVESTORS⁹ WHO ARE ALLOWED TO OWN UP TO 49% OF THE STOCK IN A PROFESSIONAL MEDICAL CORPORATION.¹⁰

(3) IN OTHER STATES, A PROFESSIONAL CORPORATION CAN BE CREATED AND EITHER OWNED BY A SINGLE CLASS OF PROFESSIONAL OR A SINGLE PROFESSIONAL AND CLOSELY ALLIED OR AFFILIATED SERVICES¹¹ OR BY MORE THAN ONE CLASS OF DIFFERENT PROFESSIONALS.¹² IN THESE STATES – E.G., ARIZONA, HAWAII, INDIANA, MAINE, MISSOURI, MONTANA, NEW HAMPSHIRE, SOUTH CAROLINA, AND A FEW OTHERS – MULTIDISCIPLINARY PROFESSIONAL INCORPORATION APPEARS POSSIBLE IN THEORY, BUT WHETHER JOINT PRACTICE IS ACTUALLY PERMITTED MAY DEPEND ON THE SELECTIVE RULINGS FROM THE DIFFERENT LICENSING AUTHORITIES AND OTHER ADMINISTRATIVE AGENCIES OF THE INVOLVED JURISDICTIONS. IN A FEW INSTANCES, COLLABORATIVE PRACTICES ARE PERMISSIBLE BETWEEN DIFFERENT CLASSES OF PROFESSIONALS UNDER STATE “PROFESSIONAL ASSOCIATION” LAWS WITHIN A JURISDICTION’S CORPORATE STATUTES RATHER THAN AS A “PROFESSIONAL CORPORATION.”

(4) IN SEVERAL STATES, IT APPEARS THAT MEMBERS OF THE DIFFERENT PROFESSIONAL CLASSES CAN FORM JOINT PROFESSIONAL CORPORATIONS, PROFESSIONAL ASSOCIATIONS OR ENTITIES, OR PROFESSIONAL LIMITED LIABILITY COMPANIES. FLORIDA,¹³ MARYLAND,¹⁴ MASSACHUSETTS,¹⁵ MICHIGAN - WITH SPECIFIC STIPULATIONS,¹⁶ MINNESOTA,¹⁷ NEVADA – WITH SPECIFIC STIPULATIONS,¹⁸ POSSIBLY, NEW JERSEY – WITH SPECIFIC STIPULATIONS,¹⁹ NORTH CAROLINA – WITH SPECIFIC STIPULATIONS,²⁰ OHIO – WITH SPECIFIC STIPULATIONS – EITHER AS A PROFESSIONAL CORPORATION OR LIMITED LIABILITY COMPANY,²¹ OKLAHOMA,²² OREGON – WITH STIPULATIONS,²³ RHODE ISLAND,²⁴ TENNESSEE – AS A LIMITED LIABILITY COMPANY AND POSSIBLY AS A PROFESSIONAL CORPORATION,²⁵ VIRGINIA,²⁶ AND WISCONSIN²⁷ HAVE LAWS THAT ALLOW INTERDISCIPLINARY JOINT VENTURES. CALIFORNIA, WHICH WAS ONE OF THE MORE CONSERVATIVE STATES WHEN IT CAME TO THE STATES CORPORATE PRACTICE OF MEDICINE DOCTRINE, PASSED A LAW IN 2013 THAT ALLOWS FOR INTERDISCIPLINARY / MULTIDISCIPLINARY

JOINT PROVIDER ENTERPRISES.²⁸

- (5) CONTRARY TO THE MSSNY'S CLAIMS IN ITS MEMORANDUM OF OPPOSITION, THERE HAS BEEN NO DETRIMENT TO THE QUALITY OF HEALTHCARE IN THE VARIOUS JURISDICTIONS WHERE HEALTH PROFESSIONALS CAN BAND TOGETHER TO FORM INNOVATIVE JOINT ENTERPRISES. IN FACT, NYSCA CONTENDS THAT REVIEW OF THE INTEGRATED HEALTHCARE IN THESE STATES WOULD SHOW AN IMPROVEMENT IN HEALTHCARE BECAUSE OF THE ADOPTION OF THE INTEGRATED, INTERDISCIPLINARY MODEL.

IN CONCLUSION

- (1) FOR ALL INTENTS AND PURPOSES, THE CORPORATE PRACTICE OF MEDICINE DOCTRINE IS DEAD, EXCEPT FOR THE VESTIGIAL PROFESSIONAL INCORPORATION LAWS LIKE THE ONES IN NEW YORK AT ISSUE IN A4391/s215-A. THE CORPORATE PRACTICE DOCTRINE WAS KILLED BY A COMBINATION OF THE HMO ACT OF 1973, THE ERISA ACT OF 1974, AND THE 1975-1982 ACTION BY THE FTC AGAINST THE AMERICAN MEDICAL ASSOCIATION. AT PRESENT, THE CPOM DOCTRINE SURVIVES BUT ONLY THROUGH STATE ENACTED PROFESSIONAL INCORPORATION LAWS, AND STATE MEDICAL LICENSING LAWS GENERALLY.
- (2) CHIROPRACTORS DO NOT WANT TO PRACTICE MEDICINE.²⁹ CHIROPRACTORS HAVE NO INTEREST IN CONTROLLING A MEDICAL PRACTICE. CHIROPRACTORS HAVE NO INTEREST IN DISPENSING DRUGS AND MEDICATIONS. CHIROPRACTORS HAVE NO INTEREST IN PERFORMING SURGERY, AND CHIROPRACTORS HAVE NO INTEREST IN SETTING FRACTURES. THESE ARE ALL IN THE PROVINCE OF MEDICINE AND THE NYSCA APPRECIATES MEDICAL PHYSICIANS' DEDICATION TO THEIR TASK. NONETHELESS, WE BELIEVE THAT DOCTORS OF CHIROPRACTIC CAN MAKE A CONTRIBUTION TO THE PRACTICE OF MEDICINE AND THAT WE CAN ALLEVIATE SOME OF THE STRAIN ON PRIMARY CARE MEDICAL PRACTICES THROUGH COLLABORATIVE PRACTICES IN THE CARE TREATMENT OF ACUTE AND CHRONIC LOW BACK PAIN AND OTHER MUSCULOSKELETAL COMPLAINTS.

(3) CONTRARY TO MSSNY'S OBJECTIONS, THERE IS AN INTEREST ON THE PART OF SOME PHYSICIANS IN COLLABORATIVE ENTERPRISES. DURING THE LAST LEGISLATIVE SESSION, THE CHIROPRACTIC PROFESSION WAS ASKED TO COLLECT LETTERS FROM PHYSICIANS IN NEW YORK WHO INDICATED AN INTEREST AND A WILLINGNESS TO JOIN IN INNOVATIVE AND COLLABORATIVE JOINT VENTURES WITH DOCTORS OF CHIROPRACTIC. WE COMPLIED. THERE IS AN INTEREST.

(4) AS IT STANDS RIGHT NOW, CURRENT PROFESSIONAL INCORPORATION LAWS IN NEW YORK ONLY ALLOW PHYSICIANS TO ENGAGE IN PROFESSIONAL BUSINESS ENTERPRISES WITH OTHER PHYSICIANS AND WITH LAY ENTITIES PURSUANT TO THE HMO ACT OF 1973, THE FEDERAL ERISA STATUTE OF 1974 AND THE FTC DECISION AND ORDER OF 1979. AS NOTED PREVIOUSLY, THESE LAWS ARE NOT UNIVERSAL. WHILE THERE MAY BE SOME VALUE IN KEEPING LAY-PERSONS AND LAY-ENTITIES AT AN ARMS-LENGTH DURING HEALTH CARE EXCHANGES AND TRANSACTIONS, DOCTORS OF CHIROPRACTIC AND OTHER INDEPENDENT, LIMITED MEDICAL HEALTH CARE PROVIDERS ARE NOT LAY-PERSONS OR LAY-ENTITIES. WE ARE HEALTH CARE PROFESSIONALS WHO SHARE THE SAME CONCERNS FOR PATIENT-CENTERED CARE, SAFETY AND WELLNESS AND SHARE THE SAME ETHICAL IDEALS AS MEDICAL PHYSICIANS.

THE BOTTOM LINE IS THAT WHILE PHYSICIANS AND DOCTORS OF CHIROPRACTIC CAN ENTER INTO A BUSINESS RELATIONSHIP AND CONTRACT WITH LAY-ORGANIZED, LAY- INFLUENCED AND CONTROLLED ENTITIES LIKE SELF-INSURED EMPLOYERS AND EMPLOYEE-ORGANIZATIONS, AND THEIR THIRD-PARTY ADMINISTRATORS AND CONTRACT WITH THEIR NETWORK PREFERRED PROVIDER ORGANIZATIONS. IT SEEMS UNREASONABLE THAT THE ONLY PARTIES WHO MAY NOT ENTER INTO A COLLABORATIVE BUSINESS ARRANGEMENT AS A RESULT OF AN OUTDATED DOCTRINE ARE A MEDICAL DOCTOR AND A HEALTH CARE PRACTITIONER, IN THIS CASE A PHYSICIAN AND A CHIROPRACTOR.

AGAIN, INDEPENDENT, LIMITED MEDICAL HEALTH PROVIDERS, LIKE DOCTORS OF

CHIROPRACTIC, SHARE THE SAME ASPIRATIONS AND GOALS FOR OUR PATIENTS AS MEDICAL PHYSICIANS AND THE SAME ETHICAL IDEALS. ERECTING PROTECTIVE SILOS AROUND PROFESSIONS GOES AGAINST THE GRAIN OF TODAY'S INTEGRATED HEALTH CARE MARKETPLACE, WHICH DEMANDS MULTIDISCIPLINARY / INTERDISCIPLINARY TEAM-BASED CARE AND INTERPROFESSIONAL EDUCATION AND COLLABORATIVE PRACTICE. SOME STATES HAVE RISEN TO THE CHALLENGE AND CHANGED AND OTHERS ARE CHANGING.

(5) IF CHIROPRACTIC (AND THE OTHER LIMITED MEDICAL PROFESSIONS) ARE TO ADVANCE AND BECOME INTEGRATED PARTNERS IN THE DEVELOPING HEALTH CARE SYSTEM – WITH RAPIDLY EXPANDING ACOS AND PCMHS – AS MEMBERS OF AN INTEGRATED, INTERDISCIPLINARY AND INTERPROFESSIONAL HEALTH CARE TEAM, THEN NEW YORK'S OUTDATED PROFESSIONAL INCORPORATION LAWS MUST BE AMENDED TO ALLOW INTERDISCIPLINARY PRACTICES.

THE NEW YORK STATE CHIROPRACTIC ASSOCIATION ASKS THAT YOU EMBRACE THIS CHANGE BY INCLUDING A4391/S215-A IN YOUR ONE HOUSE BUDGET PROPOSALS.

REFERENCES

1. In *re The American Medical Association, et al.* 94 FTC 701.

2. For example, the MSSNY Memorandum of Opposition states that: "There is no reason for multidisciplinary partnership including physician and non-physician licensees and it could be potentially detrimental to patient health (sic)."

The MSSNY followed this categorical statement with a faulty analogy illustrative of the logical fallacies of presumption, particularly the complex question. MSSNY argued that

"If a physician and a non-physician become partners in a limited liability company and the company hires additional physicians as employees, and the original physician partner dies or leaves the partnership, it leaves the non-physician partner(s) in control of the physician employees. As employees, the physicians would be subject to the decisions made by the non-physician partners, which might not be in the best interests of the patients treated by them."

The MSSNY also states that:

"Combining physicians and chiropractors in one partnership would allow the chiropractors to bill at the same higher rate as the physician. At the time when the focus is on containment of health care costs, it would not make sense to raise the reimbursement for chiropractors."

This is false. Each provider has her own National Provider Identification (NPI) number and each provider is obligated by law to bill only for those services provided under each respective NPI number. If the chiropractor billed for services using a physician's NPI number, it would be a fraud. Similarly, if the physician billed for chiropractic services using her own medical NPI number that would also be fraud. In order to perpetrate a fraud in and among the providers of a jointly owned enterprise, there would have to be a conspiracy and complicity on all sides.

Lastly, the MSSNY impugns: "Moreover, the scope of practice of physicians and non-physician health care providers is very different, making patient coverage and decision-making very difficult. While only a physician can make medical decisions, in a group practice of physicians, any one of them would be able to make decisions for any patient cared for by the group. In a practice comprised of a physician and a non-physician, if the physician partner is away, the non-physician partner would not be able to make a medical decision for a patient."

The NYSCA agrees with the last MSSNY statement in principle, a non-physician partner would not and should not make a medical decision for a patient. This event the MSSNY describes would be the case whether the physician or non-physician were engaged in a joint enterprise or their own practices separately.

3. According to the American Health Lawyers Association, "There is no law in Alaska, either statutory or case law, that prohibits the corporate practice of medicine or that otherwise addresses what form a medical practice may take." [Jacobson PF. *Corporate Practice of Medicine: 50-State Survey*. National Health Lawyer Association, 1996, pp. 5-6] A contemporary review of Alaska's Professional Corporation Act would seem to indicate that a Professional corporation could only offer one type of service pursuant to Chapter 10.45 – Professional Corporations, § 10.45.020. Rendering professional service and charging fees which stipulates: "A professional corporation may render one type of professional service only. It may charge fees for the services of its directors, officers, employees, or agents, collect the fees, and compensate those who render the services." Less certain is whether a joint practice is permissible under Alaska Revised Limited Liability Statutes, Chapter 10.50. Alaska Revised Limited Liability Company Act. See: [http://www.legis.state.ak.us/basis/folioiproxy.asp?url=http://www.jnu01.legis.state.ak.us/cgi-bin/folioisa.dll/stattx12/query=\[group+chapter1045\]/toc/{t4304}/hits_only?](http://www.legis.state.ak.us/basis/folioiproxy.asp?url=http://www.jnu01.legis.state.ak.us/cgi-bin/folioisa.dll/stattx12/query=[group+chapter1045]/toc/{t4304}/hits_only?)

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Louisiana does not have a corporate practice of medicine prohibition. According to the American Health Lawyers Association, "a Statement of Position by the Louisiana Board of Medical Examiners dated August 20, 1992, concluded that a physician's employment by a corporation other than a professional medical corporation is not per se unlawful under the Louisiana Medical Practice Act." Jacobson PF. *Corporate Practice of Medicine: 50-State Survey*. National Health Lawyer Association, 1996, p. 42]

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However, a slightly newer version of the Board of Examiners statement was issued on September 24, 1992 and which was renewed by the Board in March 2001 (See: <http://www.lsbme.la.gov/sites/default/files/documents/Statements%20of%20Position/EmploymentofPhysician.pdf>, accessed Feb 3, 2016). The 1992/2001 Statement intimated the following, in part:

"The 'corporate practice of medicine' is but a shorthand, often misleading, designation of a complex of issues relating to whether and to what extent entities other than traditional physician owned and organized entities can lawfully become affiliated with physicians or otherwise involved in the provision of medical services. The question is often posed simplistically in terms of whether a corporation can practice medicine. Thus formulated, the answer is an easy one as a matter of the provisions of the Louisiana Medical Practice Act: excepting only corporations organized under the Professional Medical Corporations Act<sup>3</sup>, which must be owned and governed exclusively by physicians, and which are, in effect, authorized to practice medicine, a corporation may not engage in the practice of medicine. This is necessarily so because the Medical Practice Act restricts the practice of medicine to persons possessing a license issued by the Board<sup>4</sup>, and a corporate entity is simply not eligible for such a license<sup>5</sup>.

"But the real focus of issues arising under the 'corporate practice' rubric is not whether a business corporation may become legally authorized to practice medicine. The significant question, rather, is whether by a given relationship or arrangement between a corporation and a physician or physician group a corporation would be deemed to be engaged in the unauthorized practice of medicine. Such issues are significant because a corporation engaged in the practice of medicine would be subject to civil injunctive proceedings by the Board<sup>6</sup>, and even criminal prosecution<sup>7</sup>. A physician who participates in such an arrangement, moreover, would be subject to administrative sanctions, including revocation of licensure<sup>8</sup>.

"Medicine has historically been practiced by physicians individually or in partnerships or professional corporations wholly-owned by physicians. In the recent past, however, and particularly in the last 25 years, alternatives to the traditional model have been created or proposed in response to a great number of socio-economic developments in our nation's health care delivery system. Various arrangements and affiliations between physicians and other components of the health care system—other health care providers (institutional and individual), payors, and other organizations—have been promoted by some as means of enhancing the quality and accessibility of care, re-allocating the economic and financial risks of providing services and decreasing the cost of health care services. As experimentation with new organizational forms has accelerated, so too have inquiries to the Board as to their conformity with the Medical Practice Act. Indeed, while we have periodically addressed "corporate practice" questions over many years, within the past two years we have been prevailed upon to render advisory opinions in this area more frequently than we had, in our institutional memory, in all prior years.

"We have thus concluded that it is appropriate to address, and attempt to settle by a statement of our position, at least one fundamental, albeit particular and narrow, issue, which regularly arises in requests for the Board's advice on "corporate practice" issues—whether a physician may, consistently with the Medical Practice Act, be employed by a corporation other than a professional medical corporation. Differently stated, the question is whether a business corporation will be deemed by the Board to be engaged in the unauthorized practice of medicine, in violation of the Medical Practice Act, by virtue of its direct employment of a physician to practice medicine.

"In addressing this issue, we note at the outset that precedent in other states is not a particularly helpful source for guidance. While a few states have enacted explicit prohibitions on corporate employment of physicians, the medical practice acts of most states are structured similar to our own and embody similar relevant provisions. In many states, however, the issue does not appear to have been explicitly considered. And in those few states whose courts or agencies have addressed the question, either as to medicine or as other health care professions, both the results and the rationales vary considerably. In a few states it seems clear that a physician's employment by a corporation does not, in and of itself, constitute a violation of law. In other states, where it has been held that a physician or other practitioner may not be legally employed by a non-professional corporation, the rulings have been rooted largely in considerations of public policy, some cogent and some questionable. Corporate employment of a professional has thus been historically prohibited on the grounds that such a relationship "tends to the commercialization and debasement of those professions."<sup>9</sup> Perhaps what is implicated in such a statement is the more genuine concern that an employee's fiduciary duties and required loyalty to the corporate employer would impinge upon the physician-patient relationship and the physician's exercise of his independent medical judgment in the sole interest of the patient<sup>10</sup>. Similarly valid are concerns that proper accountability for the practice of medicine—to the patient and to the regulating board—may be attenuated by the intrusion of a unlicensed entity not itself



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subject to professional standards or regulatory control. And where corporate employment prohibitions prevail, a further distinction is occasionally drawn as to certain nonprofit corporations, which are exempted from application of the rule on the theory that the more deleterious aspects of "commercialization" will not intrude on physician independence.

"Without discerning any real uniformity among the states in their positions respecting the corporate employment of physicians, we nonetheless share many of the concerns that have been expressed. There is a very real danger, growing from the very nature of the employer-employee relationship, that a corporate employer will control and direct the manner in which a physician provides medical services, circumscribing a physician's independent medical judgment and interposing itself in the physician-patient relationship. A corporation that does so would certainly be considered by this Board to be engaging in the unauthorized practice of medicine.

"This does not, however, lead us to conclude that a corporation's employment of a physician to practice medicine constitutes a violation of the Medical Practice Act. We thus depart from the jurisdictions which have held otherwise in believing that, while a physician's employment by a corporate entity may entangle the entity itself in the practice of medicine, such a relationship does not necessarily require such an effect. We can conceive, that is, of an employment relationship which is structured to shield the physician's relationship with patients and his exercise of independent medical judgment from corporate intrusion, where employment termination and ownership of and access to records provisions are shaped to provide for continuity of patient care and to ensure continuing patient freedom of choice, and where patient confidentiality and personal professional accountability are safeguarded. Such an arrangement would in many respects depart from traditional notions of the employer-employee relationship, but we are aware of no legal, professional or practical obstacle to the creation and maintenance of such a relationship.

"It is our opinion, that is, that a corporation may not necessarily be said, by the mere fact of employing a physician to practice medicine, and by that fact alone, to be itself practicing medicine. As contemplated by the Medical Practice Act, and as frequently reiterated herein, the essence of the practice of medicine is the exercise of independent medical judgment in the diagnosing, treating, curing or relieving of any bodily or mental disease, condition, infirmity, deformity, defect, ailment, or injury in any human being...<sup>11</sup> If a corporate employer seeks to impose or substitute its judgment for that of the physician in any of these functions, or the employment is otherwise structured so as to undermine the essential incidents of the physician patient relationship, the Medical Practice Act will have been violated. But if a physician employment relationship is so established and maintained as to avoid such intrusions, it will not run afoul of the Medical Practice Act.

"In announcing these views, it must be emphasized that our statement is a limited one. We do not mean to suggest that all physician employment relationships are immune from scrutiny under the Medical Practice Act. And there is no attempt here to resolve all questions as to the propriety of various employment or contractual arrangements. As suggested, provisions for termination of employment, ownership of and access to medical records, and various compensation arrangements may well be considered by the Board to be legally problematical. We will continue to address such issues, as they may arise, on a case by case basis. For the present, we state only our position that a physician's employment by a business corporation does not per se violate the Medical Practice Act." (Numbers are reference citations in the original).

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Montana

According to the American Health Lawyers Association, "There are no statutes, rules, interpretive rulings or court decisions that specifically address the corporate practice of medicine. However, certain provisions set forth in the Montana Code address the licensing of physicians, as referred to below, and raise the possibility that a court or regulatory agency in the future may find that the corporate practice of medicine doctrine in some form, exists in Montana. Moreover, it is interesting to note that the Montana legislature, in 1995, repealed a section of the Montana Code which provided generally that "unprofessional conduct" included the practicing of medicine as the partner, agent, or employee of or in joint venture with a person who does not hold a license to practice medicine, except as permitted under the professional services corporation statute and in those circumstances where the physician was a partner, agent, or employee of or in joint venture with a hospital, medical assistance facility, or other licensed health care provider, if certain requirements were satisfied. Mont. Code Ann. § 37-3-322 (repealed 1995) . [Jacobson PF. *Corporate Practice of Medicine: 50-State Survey*. National Health Lawyer Association, 1996, p. 60]

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### Nebraska

According to the American Health Lawyers Association, "While there is no corporate practice of medicine doctrine in Nebraska, and no exceptions adopted by the court, clients are advised that future public policy may cause restrictions to be put on corporations to the extent undue influence is exercised on medical decisions or there are significant restrictions placed on a physician in the practice of medicine as a result of referral requirements or financial incentives." [Jacobson PF. **Corporate Practice of Medicine: 50-State Survey. National Health Lawyer Association, 1996, p. 62**]

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According to the American Health Lawyers Association, "There are no statutes, rules, interpretive rulings or court decisions that specifically address the corporate practice of medicine. However, certain provisions set forth in the North Dakota Century Code address the licensing of physicians, as referred to below, and raise the possibility that a court or regulatory agency in the future may find that the corporate practice of medicine doctrine, in some form, exists in North Dakota." [Jacobson PF. **Corporate Practice of Medicine: 50-State Survey. National Health Lawyer Association, 1996, p. 79**]

4. Missouri According to the American Health Lawyers Association, "Missouri abandoned the corporate practice of medicine doctrine even before other states adopted it in the Painless Parker cases, see, inter alia, 275 P. 928 (Colo. 1929), 14 P.2d 67 (Cal. 1932). In State ex rel. Sager v. Lewin, 128 Mo. App. 149, 106 S.W. 581 (Mo. Ct. App. 1907), the Missouri Court of Appeals construed its state medical practice act as granting corporations the same rights as individuals to contract with physicians to provide medical care. The court found justification in private hospitals' ability to incorporate to furnish medical services through licensed physicians: 'No one has ever charged that [hospitals] were practicing medicine.' Id. at 155, 106 S.W. at 583. See also 1962 Op. Att'y Gen. No. 8 (Mo.) (contracting with licensed medical practitioners to furnish medical care does not constitute the practice of medicine). As late as 1967, only Missouri and Nebraska permitted corporate practice, see Forgotson, et al., 'Innovations in the Organization of Health Services: Inhibiting v. Permissive Regulation,' 42 Wash. U.L.Q. 400, 402 (1967). By 1987, the national situation was entirely changed, as most states had joined Missouri in forsaking the doctrine. See Wiorek, 'The Corporate Practice of Medicine: An Outmoded Theory in Need of Modification,' 8 J. Legal Med. 465 (1987)." [Jacobson PF. **Corporate Practice of Medicine: 50-State Survey. National Health Lawyer Association, 1996, p. 59**]

5. 1987 New Mexico Attorney General's Opinion 87-39 accessed Feb 3, 2016 at: <http://public-records.nmag.gov/opinions/87-39.pdf?attredirects=0&d=1>

6. According to the American Health Lawyers Association, attorney David J. Hyman, Esq., reported that "The Corporate Practice of Medicine Doctrine exists in Oklahoma only as a matter of faith. There are no statutes or decisions in the state that definitively establish the Doctrine. To its Believers, the Doctrine is manifested in the state's medical/osteopathic licensure statutes, its professional entity (i.e. , professional corporation) statute, its statute banning the corporate practice of eye-care services, and a handful of administrative regulations. Its Scoffers admit to no authority for the Doctrine, dismissing it as a protectionist fossil. In either case, the Doctrine is of little concern to anyone in Oklahoma but healthcare attorneys who, in structuring physician practices, dare not risk that a court might someday say the Believers are right.

The Doctrine finds some support in the Oklahoma medical licensure statute, which mandates a medical license in order to practice medicine. Okla. Stat. tit. 59, §491. Only a natural person -- not a corporation -- can satisfy Oklahoma's license requirements (pass an examination, be physically and morally capable, etc.). Okla. Stat. tit. 59, §§493, 494. (Counterpart provisions regarding osteopaths: Okla. Stat. tit. 59, §§620, et seq.). The Doctrine flows implicitly from the licensure statute as follows: A corporation acts through its employees' a corporation which employs a physician is therefore engaged in the practice of medicine and must have a medical license. But, because a corporation is not a natural person, it cannot obtain a medical license. Consequently, a corporation cannot employ a physician to practice medicine' if it does, it engages in the unauthorized practice of medicine.

The Doctrine also finds some support in Oklahoma's Professional Entity Act. That law authorizes a physician to practice in a "professional entity," a statutory term encompassing professional corporations, professional limited partnerships and professional limited liability companies. Okla. Stat. tit. 18, §§801, et seq. A physician specifically does not engage in fee-splitting when practicing through a professional entity. Okla. Admin. Code §435:10-7-4(30) (Regulations of State Board of Medical Licensure and Supervision). For Believers, the Doctrine springs as follows: Because the legislature created special business organizations for physician practices (the "professional entities"), physicians may not practice medicine through any entity other than one of these specially-created ones. Accordingly, say the Believers, a non-professional entity engages in the unlawful corporate practice of medicine when it permits a

physician to practice under its auspices.

Various other Oklahoma laws also suggest to the Believers the Doctrine's existence. First, the Oklahoma medical licensure statute provides that a not-for-profit hospital corporation may employ a physician "without being regarded as itself practicing medicine" it also provides that a physician is not engaged in "unprofessional conduct" when employed by a not-for-profit hospital. Okla. Stat. tit. 59, §492. In Oklahoma, aiding or abetting the unauthorized practice of medicine is "unprofessional conduct" for a physician. Okla. Stat. tit. 59, §509(15) Okla. Admin. Code §435:10-7-4(21). (Counterpart provisions regarding osteopaths: Okla. Stat. tit. 59, §622.) Second, the Oklahoma Insurance Code provides that a not-for-profit corporation operating as a hospital/medical service or indemnity plan may "enter contracts" with physicians to provide medical service, and that "no such corporation shall be deemed to be engaged in the corporate practice of medicine." Okla. Stat. tit. 36, §§2605, 2613. The statute does not exclude employment contracts with physicians to provide medical service for the corporation. Third, the state's Health Maintenance Organization regulations specify that an HMO may "furnish[] health care services through providers . . . employed by the HMO." Okla. Admin. Code §310:655-39-1(3). Accordingly, Believers in the Doctrine maintain that a corporation which employs a physician is unlawfully engaged in the corporate practice of medicine unless it falls into one of the three exempt classifications: not-for-profit hospitals, not-for-profit hospital/medical service or indemnity plans, or HMOs." [Jacobson PF. *Corporate Practice of Medicine: 50-State Survey*. National Health Lawyer Association, 1996, pp. 84 - 85]

7. See Indiana Code Title 23 . Business and Other Associations. Under Indiana state code a "Professional Corporation" is categorized as a "Benefit Corporation." See: IC 23-1.3-4-5 – "Professional corporations"

Effective 1-1-2016.

Sec. 5. A professional corporation that is a benefit corporation does not violate IC 23-1.5-2-3 by having the purpose to create general public benefit or a specific public benefit.
As added by P.L.93-2015, SEC.3.

Indiana also allows professionals to incorporate pursuant to IC 23-1.5, Article 1.5. Professional Corporations, which defines a health professional at IC 23-1.5-1-8 to mean:

"Health care professional"

Sec. 8. "Health care professional" means an individual who is licensed, certified, or registered by a board (as defined in IC 25-1-9-1). However, the term does not include a veterinarian.
As added by P.L.239-1983, SEC.1. Amended by P.L.150-1986, SEC.1; P.L.149-1987, SEC.15; P.L.14-2002, SEC.1.

Furthermore, IC 23-1.5-1-11 "Professional service" indicates as follows:

Sec. 11. "Professional service" means any type of service that may be legally performed only by:

- (1) an accounting professional;
- (2) an architectural or engineering professional;
- (3) an attorney;
- (4) a **health care professional**;
- (5) a veterinarian; or
- (6) a real estate professional.

As added by P.L.239-1983, SEC.1. Amended by P.L.229-1995, SEC.3.

Finally, IC 23-1.5-2-3 – Formation of professional corporations; authorization of investments; admission of foreign professional corporations, stipulates at § 3:

Sec. 3. (a) Except as provided in subsections (c) and (d) and IC 25-2.1-5, a professional corporation may be formed to render professional services as follows:

- (4) **One (1) or more health care professionals may form a professional corporation to render services that may legally be performed only by a health care professional.**

Presumably, this means that a professional corporation could be owned and operated by multidisciplinary cortege of health professionals in Indiana unless prohibited by some other facet of state law or regulation.

Nevada

Nevada Revised Statutes

<http://www.leg.state.nv.us/nrs/nrs-089.html>

Chapter 89 - Professional Entities and Associations, General Provisions, under "Professional Associations" provides at § NRS 89.230 as follows:

NRS 89.230 Restrictions on membership and rendering of professional services. **Except as otherwise provided in NRS 623.349, members who organize a professional association must all be natural persons licensed to render the same specific professional services as those for which the professional association is organized.** Except as otherwise provided by law, a professional association may render professional service only through its members and employees who are licensed or otherwise authorized by law to render the professional service.
(Added to NRS by 1969, 523; A 1995, 2120; 2001, 1783)

8. For example, as of Feb 3, 2016, Idaho appears to have repealed its Professional Corporation Law. Nonetheless, Idaho also provides a Professional Entity statute within Chapter 21 – "Idaho Uniform Business Organizations Code" of Title 30 – Corporations. While allied health professions and chiropractic are identified separately under § 30-21-901 – Professional Entities of the state statute, it is unclear at this time whether multiple professions can own and practice a joint enterprise under Idaho's "Professional Entity."

See also Nevada in the previous Endnote.

9. According to the American Health Lawyers Association, Colorado permits lay persons to be directors and officers of professional service corporations, but not shareholders. See: CRS 12-36-143. [Jacobson PF. **Corporate Practice of Medicine: 50-State Survey. National Health Lawyer Association, 1996, p. 13**]; See also Connecticut. "Under CGS § 33-182a-d (1996) the professional service corporation (PC), *may* be organized for "the sole and specific purpose" of providing the "same" professional services for which the shareholder(s) must be legally authorized to render in the state. However, the officers and directors need not be licensed professionals." [[Jacobson PF. **Corporate Practice of Medicine: 50-State Survey. National Health Lawyer Association, 1996, p. 16**]

10. For example, according to the National Health Lawyers Association (Now the American Health Lawyers Association), "Arizona's professional corporation statutes, Arizona Revised Statutes, Title 10 (Corporations and Associations) Chapter 20 (Professional Corporations), permits non-licensed persons or entities to own up to forty-nine percent of the shares of a professional corporation provided that such form of ownership is not expressly prohibited by the licensing laws of the state applicable to the profession. See: ARS § 10-2213(c), ARS § 10-2220. The professional corporations The professional corporations statutes also provide that non-licensed persons may also serve on the board of directors or be officers of the corporation, provided that at least fifty percent of the directors and its president are licensed in Arizona or another state to render the professional services described in the corporation's articles of incorporation. See , A.R.S. Section 10-2230. The changes to Arizona's professional corporation statutes which permit ownership of a professional corporation by non-licensed persons or entities became effective in January of 1996. [Jacobson PF. **Corporate Practice of Medicine: 50-State Survey. National Health Lawyer Association, 1996, pp. 5-6**]

While current the current version of Arizona law with respect to ARS § 10-2213(c) does not appear to be determinative, § 10-2220 of ARS stills rings true. See:

10-2213. Rendering professional services; applicability

- A. A domestic or foreign professional corporation may render professional services in this state only through individuals licensed in this state to render the services.
- B. Subsection A of this section does not:
 1. **Require an individual employed by a professional corporation to be licensed to perform services for the corporation if a license is not otherwise required or prohibit the professional corporation from employing that individual.**
 2. Prohibit a licensed individual from rendering professional services in an individual capacity although the licensed individual is a shareholder, director, officer, employee or agent of a domestic or foreign professional corporation or any other person or from being a shareholder, director, officer, employee or agent of more than one domestic or foreign professional corporation or other person.
 3. Prohibit an individual licensed in another state from rendering professional services for a domestic or foreign professional corporation in this state if not prohibited by the licensing authority.

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- C. Nothing contained in this chapter alters the right of persons licensed to engage in the rendering of a professional service from rendering a professional service, and those persons may render a professional service, in any other business form or entity, including a corporation incorporated under a general law of this state other than this chapter, unless the use of the form or entity is expressly prohibited by the licensing law of this state applicable to the profession or by the licensing authority with jurisdiction over the profession.
 - D. This chapter does not apply to any persons in this state who before January 1, 1996 were permitted to render personal services or professional services by means of a corporation other than a professional corporation incorporated under chapter 3, article 1 of this title prior to January 1, 1996 or other business form or entity, or to any corporations other than professional corporations incorporated under chapter 3, article 1 of this title prior to January 1, 1996 or other business forms or entities organized by them unless an exempt corporation or other business form or entity elects professional corporation status pursuant to section 10-2210.

10-2220. Issuance of shares

- A. A professional corporation may issue voting shares, fractional voting shares and rights or options to purchase voting shares only to:
 - 1. Individuals who are licensed by law in this or another state to render a professional service described in the corporation's articles of incorporation.
 - 2. General partnerships, registered limited liability partnerships and other partnerships and joint ventures, domestic or foreign, in which all of the partners are qualified persons with respect to the professional corporation and in which at least one partner is authorized by law in this state to render a professional service described in the corporation's articles of incorporation.
 - 3. Professional corporations, professional limited liability companies and other persons, domestic or foreign, authorized by law in this state to render a professional service described in the corporation's articles of incorporation.
 - 4. **Other persons, if after the issuance of voting shares the other persons in the aggregate do not hold more than forty-nine per cent of the voting shares, unless a greater or lesser percentage is prescribed by the licensing authority.**
 - 5. An employee stock ownership plan as defined in section 4975(e)(7) of the internal revenue code of 1986, as amended, if both of the following apply:
 - (a) All of the voting trustees of the plan are professionals who are licensed to provide at least one category of the professional services described in the corporation's articles of incorporation.
 - (b) The ownership interests are not directly issued to persons other than the employee stock ownership plan trust or professionals who are licensed to provide at least one category of the professional services described in the corporation's articles of incorporation.
- B. The following are not violations of subsection A, paragraph 1 of this section:
 - 1. Any community interest of an unlicensed spouse in the voting shares issued to a licensed spouse in which the unlicensed spouse with a community interest in the voting shares does not have the right to vote the shares.
 - 2. Issuance of voting shares to a trust established for the benefit of the licensed individual or members of the licensed individual's immediate family in which the licensed individual has the right to vote the shares and the trust and the members of the licensed individual's immediate family do not have the right to vote the shares.
- C. Subsection B of this section does not prohibit an issuance to an unlicensed spouse or to a trust in accordance with subsection A, paragraph 4 of this section or section 10-2231, subsection B.
- D. An issuance made in violation of subsection A of this section is void.

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See also North Carolina

North Carolina

[http://www.ncga.state.nc.us/enactedlegislation/statutes/html/bychapter/chapter\\_55b.html](http://www.ncga.state.nc.us/enactedlegislation/statutes/html/bychapter/chapter_55b.html)

NCGS Chapter 55B – North Carolina Professional Corporation Act (immediately below)

NCGS Chapter 57D – North Carolina Limited Liability Company Act (below)

Chapter 55B.

**Professional Corporation Act.**

§ 55B-4. Formation of corporation.

A professional corporation under this Chapter may be formed pursuant to the provisions of Chapter 55, the North

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Carolina Business Corporation Act, with the following limitations:

- (1) At least one incorporator shall be a "licensee" as hereinabove defined in G.S. 55B-2(2).
- (2) All of the shares of stock of the corporation shall be owned and held by a licensee, or licensees, as hereinabove defined in G.S. 55B-2(2), except as otherwise permitted in G.S. 55B-6.
- (3) At least one director and one officer shall be a "licensee" as hereinabove defined in G.S. 55B-2(2).
- (4) The articles of incorporation, in addition to the requirements of Chapter 55, shall designate the personal services to be rendered by the professional corporation and shall be accompanied by a certification by the appropriate licensing board that the ownership of the shares of stock is in compliance with the requirements of G.S. 55B-4(2) and G.S. 55B-6.

(1969, c. 718, s. 4; 1977, c. 855, s. 1; 1989 (Reg. Sess., 1990), c. 1024, s. 3; 1991, c. 205, s. 2; 1995, c. 351, s. 15.)

§ 55B-6. Capital stock.

- (a) Except as provided in subsections (a1) and (b) of this section, a professional corporation may issue shares of its capital stock only to a licensee as defined in G.S. 55B-2, and a shareholder may voluntarily transfer shares of stock issued to the shareholder only to another licensee. No share or shares of any stock of a professional corporation shall be transferred upon the books of the corporation unless the corporation has received a certification of the appropriate licensing board that the transferee is a licensee. Provided, it shall be lawful in the case of professional corporations rendering services as defined in Chapters 83A, 89A, 89C, 89E, and 89F, for nonlicensed employees of the corporation to own not more than one-third of the total issued and outstanding shares of the corporation; and provided further, with respect to a professional corporation rendering services as defined in Chapters 83A, 89A, 89C, and 89E of the General Statutes, an employee retirement plan qualified under section 401 of the Internal Revenue Code of 1986, as amended (or any successor section), is deemed for purposes of this section to be a licensee if the trustee or trustees of the plan are licensees. Provided further, subject to any additional conditions that the appropriate licensing board may by rule or order impose in the public interest, it shall be lawful for individuals who are not licensees but who perform professional services on behalf of a professional corporation in another jurisdiction in which the corporation maintains an office, and who are duly licensed to perform professional services under the laws of the other jurisdiction, to be shareholders of the corporation so long as there is at least one shareholder who is a licensee as defined in G.S. 55B-2, and the corporation renders its professional services in the State only through those shareholders that are licensed in North Carolina. Upon the transfer of any shares of such corporation to a nonlicensed employee of such corporation, the corporation shall inform the appropriate licensing board of the name and address of the transferee and the number of shares issued to the nonprofessional transferee. The issuance or transfer of any share of stock in violation of this section is void. No shareholder of a professional corporation shall enter into a voting trust agreement or any other type of agreement vesting in another person the authority to exercise the voting power of any of the stock of a professional corporation.
- (a1) **Any person may own up to forty-nine percent of the stock of a professional corporation rendering services under Chapter 93 of the General Statutes as long as:**
  - (1) Licensees continue to own and control voting stock that represents at least fifty-one percent (51%) of the votes entitled to be cast in the election of directors of the professional corporation; and
  - (2) All licensees who perform professional services on behalf of the corporation comply with Chapter 93 of the General Statutes and the rules adopted thereunder.
- (b) A professional corporation formed pursuant to this Chapter may issue one hundred percent (100%) of its capital stock to another professional corporation in order for that corporation (the distributing corporation) to distribute in accordance with section 355 of the Internal Revenue Code of 1986, as amended (or any succeeding section), the stock of the controlled corporation to one or more shareholders of the distributing corporation authorized under this section to hold the shares. The distributing corporation shall distribute the stock of the controlled corporation within 30 days after the stock is issued to the distributing corporation. A share of stock of the controlled corporation that is not transferred in accordance with this subsection within 30 days after the share was issued to the distributing corporation is void. (1969, c. 718, s. 6; 1977, c. 855, s. 1; 1989, c. 258; 1991, c. 179, s. 1; c. 205, s. 3; 1995, c. 351, s. 16; 1999-440, s. 1; 2000-115, s. 5.)

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California

See: California Corporations Code Section 13401.5 in Endnote 89.

11. New Jersey

2013 New Jersey Revised Statutes

[http://lis.nileg.state.nj.us/cgi-](http://lis.nileg.state.nj.us/cgi-bin/om_isapi.dll?clientID=454022922&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_Pg42)

[bin/om_isapi.dll?clientID=454022922&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_Pg42](http://lis.nileg.state.nj.us/cgi-bin/om_isapi.dll?clientID=454022922&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_Pg42)

Title 14A - CORPORATIONS, GENERAL

14A:17-3 Terms defined.

Terms defined. As used in this act, the following words shall have the meanings indicated:

- (1) "**Professional service**" shall mean any type of personal service to the public which requires as a condition precedent to the rendering of such service the obtaining of a license or other legal authorization and which prior to the passage of this act and by reason of law could not be performed by a corporation. By way of example and without limiting the generality thereof, the personal services which come within the provisions of this act are the personal services rendered by certified public accountants, architects, optometrists, ophthalmic dispensers and technicians, professional engineers, land surveyors, land planners, **chiropractors**, physical therapists, registered professional nurses, dentists, osteopaths, physicians and surgeons, doctors of medicine, doctors of dentistry, podiatrists, veterinarians and, subject to the Rules of the Supreme Court, attorneys-at-law;
- (2) "**Professional corporation**" means a corporation which is organized under this act for the sole and specific purpose of rendering **the same or closely allied professional service as its shareholders**, each of whom must be licensed or otherwise legally authorized within this State to render such professional service;
- (3) "**Closely allied professional service**" means and is limited to the practice of
 - (a) architecture, professional engineering, land surveying and land planning and
 - (b) any branch of medicine and surgery, optometry, opticianry, physical therapy, registered professional nursing, psychology, and dentistry;

12. See, for example:

Arizona

2016 Arizona State law at Chapter 10 – "Professional Corporations," Article 1 – "General Provisions," § 10-2211.

Purposes

- A. **Except to the extent authorized by subsection B** of this section or the other provisions of this chapter, a corporation may elect professional corporation status under section 10-2210 solely for the purpose of rendering professional services, including services ancillary to them, and solely within a single profession.
- B. A corporation may elect professional corporation status under section 10-2210 for the purpose of rendering professional services within two or more categories of professional service, and for the purpose of engaging in any lawful business authorized by section 10-301, unless the combination of professional purposes or of professional and business purposes is expressly prohibited by a licensing law of this state applicable to one or more of the professions in the combination or by a licensing authority with jurisdiction over one or more of the professions in the combination.

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## Hawaii

Similarly, Hawaii. According to Chapter 415A of the Hawaii Professional Corporation Act (2016), § 415A-3 "Purposes" provides:

### §415A-3 Purposes.

- (a) Except as provided in this section, professional corporations may be organized under this chapter only for the purpose of rendering professional services and services ancillary thereto within a single profession.
- (b) A professional corporation may be incorporated for the purpose of rendering professional services within two or more professions, and for any purpose or purposes for which corporations may be organized under chapter 414, to the extent that any combination of professional purposes or of professional and business purposes is permitted by the licensing laws and rules of this State applicable to the professions.

[L 1985, c 259, pt of §1; am L 1987, c 135, §108; am L 2002, c 40, §43]

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Indiana

Indiana also allows professionals to incorporate pursuant to IC 23-1.5, Article 1.5. Professional Corporations, which defines a health professional at IC 23-1.5-1-8 to mean:

"Health care professional"

Sec. 8. "Health care professional" means an individual who is licensed, certified, or registered by a board (as defined in IC 25-1-9-1). However, the term does not include a veterinarian.

As added by P.L.239-1983, SEC.1. Amended by P.L.150-1986, SEC.1; P.L.149-1987, SEC.15; P.L.14-2002, SEC.1.

Furthermore, IC 23-1.5-1-11 "Professional service" indicates as follows:

Sec. 11. "Professional service" means any type of service that may be legally performed only by:

- (1) an accounting professional;
- (2) an architectural or engineering professional;
- (3) an attorney;
- (4) a **health care professional**;
- (5) a veterinarian; or
- (6) a real estate professional.

As added by P.L.239-1983, SEC.1. Amended by P.L.229-1995, SEC.3.

Finally, IC 23-1.5-2-3 – Formation of professional corporations; authorization of investments; admission of foreign professional corporations, stipulates at § 3:

Sec. 3. (a) Except as provided in subsections (c) and (d) and IC 25-2.1-5, a professional corporation may be formed to render professional services as follows:

- (4) **One (1) or more health care professionals may form a professional corporation to render services that may legally be performed only by a health care professional.**

Presumably, this means that a professional corporation could be owned and operated by multidisciplinary cortege of health professionals in Indiana unless prohibited by some other facet of state law or regulation.

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## Maine

Maine: Title 13: Corporations, Chapter 22-A: Maine Professional Service Corporation Act Heading (PL 2001, c. 640) at § 732 indicates:

### **§732. PURPOSES**

**Single profession.** Except to the extent authorized by subsections 2 and 3, a corporation may elect professional corporation status under section 731 solely for the purpose of rendering professional services, including services ancillary to them, and solely within a single profession.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**Multiple professions.** A corporation may elect professional corporation status under section 731 for the purpose of rendering professional services within 2 or more professions and for the purpose of engaging in any lawful business authorized by Title 13-C, section 301, to the extent the combination of professional purposes or of professional and business purposes is not prohibited by the licensing law of this State applicable to each profession in the combination.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

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Massachusetts

Massachusetts General Laws, TITLE XXII Corporations, Chapter 156a Professional Corporations, at §§ 2, 3 provides:

Section 2. In this chapter, unless the context otherwise requires, the following words shall have the following meanings:

- (a) "**Professional corporation**", a domestic corporation organized under this chapter for the purpose of rendering **one or more professional services**. As used in sections five, six, eight, ten and nineteen, the term "professional corporation" shall also include foreign professional corporations.

-
- (b) **"Professional service"**,
- (i) the service performed by registered physicians and surgeons, chiropractors, podiatrists, engineers, electrologists, physical therapists, psychologists, certified public accountants, public accountants, dentists, veterinarians, optometrists acupuncturists and registered nurses, so long as the foregoing are registered or licensed under the provisions of chapter one hundred and twelve; and by attorneys-at-law admitted to practice in the courts of the commonwealth under chapter two hundred and twenty-one;
 - (ii) any other type of service which may be rendered only pursuant to a license pursuant to the laws of the commonwealth, if the applicable regulating boards permit the licensed person to incorporate his profession under this chapter, or if such licensed person elects to incorporate his profession under this chapter and such incorporation is not prohibited by law or by regulations of the applicable regulating board.
- (c) "Regulating board", a board or governing authority which is charged with licensing and regulating the profession of any person performing a professional service.
- (d) "Foreign professional corporation", a corporation organized for the purpose of rendering professional service under a law other than the law of the commonwealth.
- (e) **"Qualified person"**, with respect to any professional corporation means a natural person, general partnership, or professional corporation which is eligible under this chapter to own shares issued by such professional corporation.
- (f) **"Disqualified person"**, with respect to any professional corporation means any natural person, corporation, partnership, or other entity which for any reason is or becomes ineligible under this chapter to own shares issued by such professional corporation.

Section 3.

- (a) Except as hereinafter provided, a professional corporation may be organized under this chapter only for the purpose of rendering professional services and services ancillary thereto within a single profession.
- (b) A professional corporation may be organized for the purpose of rendering professional services within two or more professions except to the extent expressly prohibited by the licensing laws of the commonwealth applicable to such professions or the regulations of any of the applicable regulating boards.
- (c) The provisions of this chapter shall not be construed as prohibiting the organization of a corporation to render professional services, or as limiting the rendering of professional services or the practice of any profession under any other provisions of law except to the extent expressly prohibited or limited by such provisions of law or the regulations of the applicable regulating boards.

A Massachusetts Professional Corporation has to identify the "professional services" it would provide and individual members would still be subject to the authority of the different licensing authorities at § 7.

Section 7 Organization; content of articles of organization

Section 7. One or more individuals, each of whom is licensed to perform a professional service, may organize a professional corporation by complying with Part 2 of chapter 156D. The articles or organization of a professional corporation shall contain the following:

- (a) corporate purposes indicating the professional services to be rendered;
- (b) the names and residence addresses of all of the original shareholders, directors and officers;
- (c) a certificate by the appropriate regulating board or boards that each of the incorporators, the president and any vice presidents, a majority of the directors and each shareholder is duly licensed to render a professional service permitted by the articles of organization of the corporation.

Similarly, for a Massachusetts Limited Liability Company.

See: Massachusetts General Laws, Part I Administration of the Government, TITLE XXII Corporations, Chapter 156C Limited Liability Company Act, at § 6.

Section 6.

- (a) Except as otherwise expressly provided by law, a limited liability company may carry on any lawful business, trade, profession, purpose or activity.
- (b) A limited liability company shall possess and may exercise all the powers and privileges granted by this chapter or by any other law or by the operating agreement, together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of the business, trade,

profession, purposes or activities of the limited liability company. Without limitation of the foregoing and except as otherwise expressly set forth in a written operating agreement, a limited liability company shall have the power to make guarantees of the obligations of another person or entity.

- (c) A limited liability company or foreign limited liability company **which is organized to render a professional service** as defined in section two of chapter one hundred and fifty-six A shall
- (i) indicate in its certificate of organization or application for registration **the specific professional services** which it shall render,
 - (ii) be subject to any conditions or limitations established by any applicable regulating boards as defined in said section two, including the provision of liability insurance required by section sixty-five, and
 - (iii) include with its certificate of organization or application for registration a certificate by the **applicable regulating board which indicates compliance as of the date of organization or registration** by the members and managers with any eligibility standards established by such regulating board.

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### Michigan

Michigan appears to have rescinded its Professional Service Corporation Act which allows one or more classes of professional to organize under the Act. Instead, it appears the same provisions are permissible under Michigan's Business Corporation Act.

### Michigan Corporation

The below mentioned provision was repealed by the Michigan Legislature as of Jan 2, 2013.

### PROFESSIONAL SERVICE CORPORATION ACT

Act 192 of 1962

450.221-450.235 Repealed. 2012, Act 569, Imd. Eff. Jan. 2, 2013.

Prior to 2013, the former ACT provided as follows:

### ~~PROFESSIONAL SERVICE CORPORATION ACT (EXCERPT)~~ ~~Act 192 of 1962~~

~~450.224 Professional corporation for pecuniary profit; organization; shareholders to be licensed; rendering of professional services; organization of professional corporation; licensed person of another jurisdiction.~~

### ~~Sec. 4.~~

- ~~(1) Except as provided in this section, 1 or more licensed persons may organize under this act to become a shareholder or shareholders of a professional corporation for pecuniary profit.~~
- ~~(2) Except as provided in this section or otherwise prohibited, a professional corporation may render 1 or more professional services, except that each shareholder must be a licensed person in 1 or more of the professional services rendered by the corporation.~~
- ~~(3) Except as otherwise provided in subsection (4) or (5), if a professional corporation renders a professional service that is included within the public health code, 1978 PA 368, MCL 333.1101 to 333.25211, then all shareholders of the corporation must be licensed or legally authorized in this state to render the same professional service.~~
- ~~(4) One or more individuals licensed to engage in the practice of medicine under part 175, the practice of osteopathic medicine and surgery under part 170, the practice of podiatric medicine and surgery under part 180 of article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838, may organize a professional corporation under this act with 1 or more other individuals licensed to engage in the practice of medicine under part 170, the practice of osteopathic medicine and surgery under part 175, or the practice of podiatric medicine and surgery under part 180 of article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838.~~
- ~~(5) Subject to section 17048 of the public health code, 1978 PA 368, MCL 333.17048, 1 or more individuals licensed to engage in the practice of medicine under part 170, the practice of osteopathic medicine and surgery under part 175, or the practice of podiatric medicine and surgery under part 180 of article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838, may organize a professional corporation under this act with 1 or more physician's assistants licensed under article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838. Beginning on the effective date of the amendatory act that added this subsection, 1 or more~~

~~physician's assistants may not organize a professional corporation under this act that will have only physician's assistants as shareholders.~~

- ~~(6) A licensed person of another jurisdiction may become an officer, director, shareholder, employee, or agent of a professional corporation but shall not render any professional service in this state until the person is licensed or otherwise legally authorized to render the professional service in this state.~~

~~History: 1962, Act 192, Eff. Mar. 28, 1963;—Am. 1974, Act 151, Imd. Eff. June 12, 1974;—Am. 1980, Act 216, Imd. Eff. July 18, 1980;—Am. 1990, Act 166, Imd. Eff. July 2, 1990;—Am. 1997, Act 139, Imd. Eff. Nov. 18, 1997;—Am. 1998, Act 10, Imd. Eff. Feb. 20, 1998;—Am. 2000, Act 335, Imd. Eff. Dec. 20, 2000;—Am. 2010, Act 125, Imd. Eff. July 19, 2010.]~~  
In its place, as Act 569 of the Laws of 2012, the Michigan Legislature enacted the following, effective January 2, 2013.

#### BUSINESS CORPORATION ACT (EXCERPT)

Act 284 of 1972

Chapter 2A

#### PROFESSIONAL CORPORATIONS

#### 450.1281 Incorporation as professional corporation.

##### Sec. 281.

- (1) A corporation must incorporate as a professional corporation under this chapter if it is incorporated to provide 1 or more services in a learned profession, whether or not it is providing other professional services. A corporation may comply with this chapter and incorporate as a professional corporation if it is incorporated to provide 1 or more professional services, none of which are services in a learned profession, or may incorporate as a corporation that is not required to comply with this chapter.
- (2) A corporation that is incorporated as a professional corporation and its shareholders are subject to this chapter and this act. If there is a conflict between an applicable provision of this chapter and another provision of this act, the provision of this chapter takes precedence.
- (3) This chapter applies to a corporation incorporated under former 1962 PA 192, or to a corporation that on the effective date of this chapter was governed by former 1962 PA 192 as if incorporated under that act, as if that corporation were incorporated under this act and pursuant to this chapter.
- (4) This chapter does not apply to a corporation organized in this state before the enactment of former 1962 PA 192 to provide professional services to the public, and that did not previously amend its articles of incorporation to bring itself within the provisions of former 1962 PA 192, unless that corporation amends its articles of incorporation in such a manner that it is consistent with all the provisions of this chapter and affirmatively states in its amended articles of incorporation that the shareholders have elected to bring the corporation within the provisions of this chapter and this act.

History: Add. 2012, Act 569, Imd. Eff. Jan. 2, 2013

#### 450.1282 Definitions.

##### Sec. 282.

As used in this chapter:

- (a) "Licensed person" means an individual who is duly licensed or otherwise legally authorized to practice a professional service by a court, department, board, commission, or agency of this state or another jurisdiction. The term includes an entity if all of its owners are licensed persons.
- (b) "Professional service" means a type of personal service to the public that requires that the provider obtain a license or other legal authorization as a condition precedent to providing that service. Professional service includes, but is not limited to, services provided by a certified or other public accountant, chiropractor, dentist, optometrist, veterinarian, osteopathic physician, physician, surgeon, podiatrist, chiropodist, physician's assistant, architect, professional engineer, land surveyor, or attorney-at-law.

History: Add. 2012, Act 569, Imd. Eff. Jan. 2, 2013

#### 450.1283 Professional corporation; formation; name.

##### Sec. 283.

- (1) Except as provided in this section, 1 or more licensed persons may form a professional corporation under this chapter.

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- (2) Each shareholder of a professional corporation must be a licensed person in 1 or more of the professional services provided by the professional corporation.
  - (3) Except as provided in this section or otherwise prohibited, the articles of incorporation of a professional corporation shall state that the professional corporation is formed to provide 1 or more professional services and shall state the specific professional service or services the professional corporation is formed to provide.
  - (4) The name of a professional corporation shall contain the words "professional corporation" or the abbreviation "P.C." with or without periods or other punctuation.

History: Add. 2012, Act 569, Imd. Eff. Jan. 2, 2013

450.1284 Professional corporation subject to MCL 333.16101 to 333.18838.  
Sec. 284.

- (1) Except as otherwise provided in subsection (2) or (3), if a professional corporation provides a professional service that is subject to article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838, each shareholder of the professional corporation must be licensed or legally authorized in this state to provide the same professional service.
- (2) One or more individuals who are licensed to engage in the practice of medicine under part 170, the practice of osteopathic medicine and surgery under part 175, or the practice of podiatric medicine and surgery under part 180 of article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838, may organize a professional corporation under this act with 1 or more other individuals who are licensed to engage in the practice of medicine under part 170, the practice of osteopathic medicine and surgery under part 175, or the practice of podiatric medicine and surgery under part 180 of article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838.
- (3) Subject to section 17048 of the public health code, 1978 PA 368, MCL 333.17048, 1 or more individuals who are licensed to engage in the practice of medicine under part 170, the practice of osteopathic medicine and surgery under part 175, or the practice of podiatric medicine and surgery under part 180 of article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838, **may organize a professional corporation under this act with 1 or more physician's assistants** licensed under article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838. Beginning July 19, 2010, 1 or more physician's assistants may not organize a professional corporation under this act that will have only physician's assistants as shareholders.
- (4) A licensed person of another jurisdiction may become an officer, agent, or employee of a professional corporation but shall not provide any professional service in this state until the person is licensed or otherwise legally authorized to provide the professional service in this state.
- (5) A professional corporation that is organized under this act may engage in the practice of public accounting, as defined in section 720 of the occupational code, 1980 PA 299, MCL 339.720, in this state if more than 50% of the equity and voting rights of the professional corporation are held directly or beneficially by individuals who are licensed or otherwise authorized to engage in the practice of public accounting under article 7 of the occupational code, 1980 PA 299, MCL 339.720 to 339.736.

History: Add. 2012, Act 569, Imd. Eff. Jan. 2, 2013 ;-- Am. 2013, Act 132, Imd. Eff. Oct. 15, 2013

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Missouri

Missouri Revised Statutes

<http://www.moga.mo.gov/mostatutes/Chapters/ChapText356.html>

Chapter 356

Professional Corporations

Citation of law.

356.011. Sections 356.011 to 356.261 may be cited as "The Professional Corporation Law of Missouri".
(L. 1986 H.B. 1230)

356.041.

1. One or more natural persons, each of whom is licensed to render the same type of professional service within this state, may incorporate a professional corporation to practice that same type of professional service by filing articles of incorporation with the secretary of state; except that, if more than one type of

professional service is permitted to be practiced by the professional corporation pursuant to the provisions of sections 356.011 to 356.261, then one or more natural persons so licensed to practice any of the permitted professional services may act as incorporators, and the professional corporation may be incorporated to practice all of the professional services permitted to be practiced by one professional corporation.

2. The articles of incorporation shall set forth as its purpose the type or types of professional service to be practiced through the professional corporation; shall state the street address of its initial principal place of business, if any; and shall otherwise meet the requirements of chapter 351. A certificate by the licensing authority of the profession, or of each of the professions involved if more than one profession is to be practiced, shall be filed in the office of the secretary of state prior to issuance of the articles of incorporation, which certificate or certificates shall state that each of the incorporators is duly licensed in this state to practice a professional service for which the corporation is organized to practice, that at least one incorporator is licensed in this state to practice each professional service for which the corporation is organized to practice; if applicable, that the professional services for which the corporation is organized to practice are permitted to be practiced together in one corporate entity by the licensing authority of each such professional service; and that the proposed corporate name has been approved by each such licensing authority if required by the rules or regulations of the licensing authority.
3. Any amendment to the articles of incorporation of a professional corporation that changes the corporate name of the corporation shall be accompanied by, and the certificate of amendment shall make reference to, the attachment of a certificate by the licensing authority of the profession, or of each of the professions involved if more than one profession is to be practiced, approving the change of corporate name and the use of the new corporate name by the professional corporation, in addition to fulfilling all other requirements for the amendment to articles of incorporation stated in chapter 351.
4. Each licensing authority is hereby authorized to promulgate rules that set reasonable fees for the issuance of the certificate that is required pursuant to this section.

(L. 1986 H.B. 1230)

Purposes.

356.051. Professional corporations may be incorporated for the purpose of rendering one or more types of professional service, and services ancillary thereto, and in addition, for any purpose or purposes for which corporations may be organized under the general and business corporation law of Missouri, chapter 351, to the extent that such combination of professional services or of professional services and business purposes is expressly permitted by the licensing authorities that regulate each of such professions. Except to the extent that such a combination is permitted by such licensing authorities, a professional corporation may be organized under sections 356.011 to 356.261 only for the purpose of rendering a single type of professional service and services ancillary thereto.

(L. 1986 H.B. 1230)

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#### Montana

Montana Code Annotated (2015), Title 35. Corporations, Partnerships, and Associations, Chapter 4. Montana Professional Corporation Act, at § 35-4-205 provides:

35-4-205. Purposes of corporation. Professional corporations may be organized under this chapter only for the purpose of rendering professional services and services ancillary thereto **within a single profession, except that a professional corporation may be incorporated for the purpose of rendering professional services within two or more professions and for any purpose or purposes for which corporations may be organized under the Montana Business Corporation Act to the extent that such combination of professional purposes or professional and business purposes is permitted by the licensing laws and rules of this state applicable to such professions.**

History: En. Sec. 6, Ch. 399, L. 1983.

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New Hampshire

TITLE XXVII - Corporations, Associations, and Proprietors of Common Lands, Chapter 294-A, Professional Corporations at § 294-A2 provides:

294-A:2 Permissible Purposes of Professional Corporations. –

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- I. Except as provided in RSA 294-A:2, II, professional corporations may be organized under this chapter only for the purpose of rendering professional services, including necessary related services, within a single profession.
 - II. A professional corporation may be incorporated for the purpose of rendering professional services within 2 or more professions and for any purpose or purposes of this state for which corporations may be organized under the law of this state applicable to business corporations to the extent that the combination of professional purposes or of professional and business purposes is permitted by the licensing laws of this state applicable to such professions and rules adopted under those laws.

Source. 1981, 236:1, eff. Feb. 1, 1982.

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#### Rhode Island

Rhode Island

<http://webserver.rilin.state.ri.us/Statutes/title77-5.1/INDEX.HTM>

#### CHAPTER 7-5.1

##### Professional Service Corporations

##### § 7-5.1-3 Authority to practice. –

- (a) **Except as specifically provided in subsection (b) of this section**, any corporation organized under this chapter may engage in rendering professional services of not more than one of the professions enumerated in § 7-5.1-2, provided that every officer, director, and shareholder of the corporation is an individual authorized to practice the profession and is employed by the corporation in that practice. No individual may be an officer, shareholder, director, or employee of any other corporation engaged in the practice of the same profession without the prior written approval of the applicable regulatory agency or agencies.
- (b) **Nothing in these provisions is to be construed to prohibit a corporation organized under this chapter from engaging in the practice of the following combination of professions:**
  - (1) **Physicians, dentists, registered nurses, podiatrists, optometrists, physician assistants, chiropractic physicians, physical therapists, psychologists, midwives or nurse-midwives;**
  - (2) **Landscape architects, professional engineers, architects, and land surveyors; and**
  - (3) **Certified public accountants and licensed public accountants.**

##### •History of Section.

(P.L. 1964, ch. 185, § 1; P.L. 1972, ch. 100, § 3; P.L. 1981, ch. 245, § 1; P.L. 1989, ch. 537, § 1; P.L. 1992, ch. 281, § 1; P.L. 1998, ch. 232, § 1; P.L. 1998, ch. 345, § 1; P.L. 2000, ch. 328, § 1; P.L. 2000, ch. 513, § 1; P.L. 2002, ch. 242, § 1; P.L. 2012, ch. 101, § 1; P.L. 2012, ch. 106, § 1.)

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South Carolina

South Carolina

Title 33 - Corporations, Partnerships and Associations

CHAPTER 19

Professional Corporation Supplement

ARTICLE 1

General Provisions

SECTION 33-19-110. Purposes.

- (a) Except to the extent authorized by subsection (b), a corporation may elect professional corporation status under Section 33-19-109 solely for the rendering of professional services, including services ancillary to them, within a single profession.
 - (b) A corporation may elect professional corporation status under Section 33-19-109 for the rendering of professional services within two or more professions, and for engaging in any lawful business authorized by Section 33-3-101, to the extent the combination of professional purposes or of professional and business purposes is authorized by the licensing law of this State applicable to each profession in the combination.
- HISTORY: Derived from 1976 Code Section 33-51-30 [1962 Code Section 56-1603; 1962 (52) 1911; Repealed,

Tennessee

Tennessee Professional Corporation

2010 Tennessee Code

Title 48 - Corporations And Associations

Chapter 101 - Special Purpose Corporations and Associations

Part 6 - Professional Corporation Act

48-101-605. Election.

- (a) Except to the extent authorized by subsection (b), a corporation may elect professional corporation status under § 48-101-604 **solely for the purpose of rendering professional services (including services ancillary to it) and solely within a single profession.**
- (b) A corporation may elect professional corporation status under § 48-101-604 **for the purpose of rendering professional services within two (2) or more professions**, and for the purpose of engaging in any lawful business authorized by the Tennessee Business Corporation Act, compiled in chapters 11-27 of this title, only if the combination of professional purposes or of professional and business purposes is specifically authorized by the licensing law of this state applicable to each profession in the combination.

[Acts 1992, ch. 698, § 1; T.C.A., § 48-3-605.]

13. According to the American Health Lawyers Association, in 1996 "Most physician practices are presently owned directly or indirectly by physicians in the form of Professional Associations, Partnerships of Professional Associations, and Proprietorships. Limited Liability Companies can own medical practices, but Florida imposes a 5 1/2% corporate tax on LLC's, even if they are considered as Partnerships under the Federal tax law. Since non-physicians can own medical practices, it is not uncommon for regular corporations to be used, and physicians who may have creditor concerns outside of the medical practice can put their practice stock jointly as tenants by the entireties with their spouses or have the stock owned by others to provide some degree of asset protection. Corporation and investors can freely invest and own medical practices that employ physicians so long as the physicians supervise and control the actual practice decision making and management. Organizations that have multistate involvement in medical practices are often employing management arrangements designed to avoid the practice of medicine prohibitions in other states. Many hospitals, walk-in clinic chains, chiropractors, insurance companies and investors have set up corporations which employ physicians and are profitable. Most of the employment is of family practice and internal medicine, as most specialists appear to be in single speciality or multi-specialty physician-owned groups at this time. As an employee, the physician may not be subject to any anti-referral prohibitions if such physician determines in his or her discretion that they want to refer ancillary services to entities affiliated with the owners of the corporations that employ the physicians." [Jacobson PF. *Corporate Practice of Medicine: 50-State Survey*. National Health Lawyer Association, 1996, pp. 24]

Indeed, contemporary Florida state law (2016) provides at Chapter 621 – "Professional Service Corporations and Limited Liability Companies" the following at §§ 621.05 and 621.051 respectively:

621.05 Corporation organization.—One or more individuals, professional corporations, or professional limited liability companies, in any combination, duly licensed or otherwise legally authorized to render the same professional services may organize and become a shareholder or shareholders of a professional corporation for pecuniary profit under the provisions of chapter 607 for the sole and specific purpose of rendering the same and specific professional service.

History.—s. 5, ch. 61-64; s. 10, ch. 79-9; s. 5, ch. 93-110; s. 78, ch. 93-284.

621.051 Limited liability company organization.—A group of professional service corporations, professional limited liability companies, or individuals, in any combination, duly licensed or otherwise legally authorized to render the same professional services may organize and become members of a professional limited liability company for pecuniary profit under the provisions of chapter 605 for the sole and specific purpose of rendering the same and specific professional service.

History.—s. 6, ch. 93-110; s. 79, ch. 93-284; ss. 22, 23, ch. 2013-180.

14. Maryland. According to the American Health Lawyers Association, Maryland Code Ann., Corporations and Associations, §§ 5-101 - 5-134 allows "physicians (and certain other licensed professionals) to operate through a professional corporation, subject to certain limitations on the name and stock ownership. Non-physicians, including other licensed practitioners, may not own stock in a professional corporation organized to practice medicine." [Jacobson PF. **Corporate Practice of Medicine: 50-State Survey. National Health Lawyer Association, 1996, pp. 47**] However, the contemporary state statute below at § , however, does not explicitly prohibit stock ownership by a non-physician, but gives a state licensing authority the ability to "restrict or condition, or revoke in part, the authority of a professional corporation to issue stock subject to its jurisdiction."

It appears, however, that there is no prohibition that would prevent a mixed class of professionals from forming a Limited Liability Company together under Maryland law.

Title 5. **Special Types of Corporations (Refs & Annos)**
Subtitle 1. **Professional Service Corporations (Immediately below)**
Title 4a. **Limited Liability Company Act (Further below)**

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West's Annotated Code of Maryland  
Corporations and Associations  
Title 5. **Special Types of Corporations (Refs & Annos)**  
Subtitle 1. **Professional Service Corporations**  
Effective: October 1, 2007

§ 5-108. Application for certificate of authorization to use corporate name

- (a) If required under § 5-107 of this subtitle to obtain a certificate of authorization for use of a corporate name, the **professional corporation or its incorporator shall file an application with the appropriate licensing unit, using a form provided by the licensing unit that contains:**
  - (1) The name to be adopted by the corporation;
  - (2) The reasons for adopting the name; and
  - (3) Any other information required by the licensing unit.
- (b) The application shall be accompanied by the fee, if any, set by the licensing unit.
- (c) (1) Upon receipt of the application and fee under subsections (a) and (b) of this section, the licensing unit shall consult with and obtain the approval of the professional organization, if one exists, to which a majority of individuals in the State rendering the professional service belong.  
(2) In determining the appropriateness of the proposed corporate name, the professional organization shall consider the established ethical standards, rules, and regulations of the profession.
- (d) **If the licensing unit and, if required, the professional organization approve of the proposed corporate name, the licensing unit shall issue a certificate of authorization for use of a corporate name to the corporation or its incorporator.**
- (e) **Any licensing unit with jurisdiction over the professional service mentioned in the corporation's articles of incorporation may approve the adoption and use of a corporate name under the provisions of §§ 5-106 through 5-108 of this subtitle.**

Credits

Acts 1993, c. 413, § 2. Amended by Acts 2009, c. 399, § 1, eff. Oct. 1, 2009; Acts 2010, c. 71, § 1, eff. April 13, 2010.

§ 5-109. Stock issuance

- (a) A professional corporation may issue stock, rights, and options to purchase stock to:
  - (1) An individual who is authorized by law in this or another state to render a professional service named in the corporation's articles of incorporation;
  - (2) A general partnership in which all the partners are qualified persons with respect to the professional corporation and in which at least one partner is authorized by law in this State to render a professional service named in the corporation's articles of incorporation; and
  - (3) A professional corporation, domestic or foreign, provided that the professional corporation receiving the stock is organized to perform the same professional service as the professional corporation issuing the stock.
- (b) (1) **If a licensing unit with jurisdiction over a profession considers it necessary to prevent a violation of the ethical standards of the profession, the unit may, by regulation, restrict or condition, or revoke in part, the authority of a professional corporation to issue stock subject to its jurisdiction.**  
(2) A regulation adopted under this subsection does not, of itself, make a stockholder of a professional corporation



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a disqualified person at the time the regulation becomes effective.

(c) Stock issued in violation of this section or of a regulation adopted under this section is void from the date issued.

Credits

Acts 1993, c. 413, § 2.

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According to the American Health Lawyers Association, Maryland Code Annotated, Corporations and Associations at Title 4a – Limited Liability Company Act, §§ 4A-101 through § 4A-1103 “permits two or more physicians, chiropractors, dentists, osteopaths, podiatrists, and/or psychologists to form a limited liability company to render professional services. Unlike the Maryland Professional Service Corporation Act, the LLC Act does not prohibit non-physicians (including ordinary business corporations and lay persons) from having a membership interest in a limited liability company that renders professional services. The statute does expressly recognize the continuing authority of any professional licensing body to regulate the practice of its licensees notwithstanding the fact that the licensee is part of an LLC and renders professional services through the LLC. However, a number of LLCs owned by “mixed professionals” and several highly visible LLCs owned jointly by physicians and regular business corporations have been formed within the last two years without any objection by the Board of Physician Quality Assurance or any other Maryland health professional licensing board.” [Jacobson PF. *Corporate Practice of Medicine: 50-State Survey*. National Health Lawyer Association, 1996, pp. 48]

West's Annotated Code of Maryland
Corporations and Associations
Title 4a. **Limited Liability Company Act** (Refs & Annos)
Subtitle 1. Definitions (Refs & Annos)
Effective: October 1, 2012

MD Code, Corporations and Associations, § 4A-101

§ 4A-101. Definitions, at subsection (r) indicates that a “professional service” includes the services provided by a (iv) chiropractor, (v) dentist, (vi) osteopath, (vii) physician, (viii) podiatrist, and (x) psychologist.

A multidisciplinary enterprise would seem to be permissible under § 4A-201.

§ 4A-201. Permissible purposes

A limited liability company may be organized under this title and may conduct activities in any state related to any lawful business, purpose, investment, or activity, whether or not for profit, except the business of acting as an insurer.

Credits

Acts 1992, c. 536; Acts 1993, c. 459, § 2. Amended by Acts 2002, c. 514, § 1, eff. Oct. 1, 2002

Professional members of a Maryland LLC would still be subject to the regulatory authority of their separate licensing agencies under § 4A-203.1:

§ 4A-203.1. Authority of licensing bodies unrestricted

Nothing in this title is intended to restrict or limit in any manner the authority and duty of a regulatory body that licenses professionals within this State to license persons who render professional services or to regulate the practice of any profession that is within the jurisdiction of the regulatory body, notwithstanding that the person is a member, employee, or agent of a limited liability company and is rendering the professional services or engaging in the practice of the profession through the limited liability company.

Credits

Acts 1993, c. 459, § 2; Acts 1997, c. 659, § 1, eff. Oct. 1, 1997.

15. Massachusetts

Massachusetts General Laws, TITLE XXII Corporations, Chapter 156a Professional Corporations, at §§ 2, 3 provides:

Section 2. In this chapter, unless the context otherwise requires, the following words shall have the following meanings:

(a) “**Professional corporation**”, a domestic corporation organized under this chapter for the purpose of rendering one

or more professional services. As used in sections five, six, eight, ten and nineteen, the term "professional corporation" shall also include foreign professional corporations.

- (b) "Professional service",
- (i) the service performed by registered physicians and surgeons, chiropractors, podiatrists, engineers, electrologists, physical therapists, psychologists, certified public accountants, public accountants, dentists, veterinarians, optometrists acupuncturists and registered nurses, so long as the foregoing are registered or licensed under the provisions of chapter one hundred and twelve; and by attorneys-at-law admitted to practice in the courts of the commonwealth under chapter two hundred and twenty-one;
 - (ii) any other type of service which may be rendered only pursuant to a license pursuant to the laws of the commonwealth, if the applicable regulating boards permit the licensed person to incorporate his profession under this chapter, or if such licensed person elects to incorporate his profession under this chapter and such incorporation is not prohibited by law or by regulations of the applicable regulating board.
- (c) "Regulating board", a board or governing authority which is charged with licensing and regulating the profession of any person performing a professional service.
- (d) "Foreign professional corporation", a corporation organized for the purpose of rendering professional service under a law other than the law of the commonwealth.
- (e) "Qualified person", with respect to any professional corporation means a natural person, general partnership, or professional corporation which is eligible under this chapter to own shares issued by such professional corporation.
- (f) "Disqualified person", with respect to any professional corporation means any natural person, corporation, partnership, or other entity which for any reason is or becomes ineligible under this chapter to own shares issued by such professional corporation.

Section 3.

- (a) **Except as hereinafter provided, a professional corporation may be organized under this chapter only for the purpose of rendering professional services and services ancillary thereto within a single profession.**
- (b) **A professional corporation may be organized for the purpose of rendering professional services within two or more professions except to the extent expressly prohibited by the licensing laws of the commonwealth applicable to such professions or the regulations of any of the applicable regulating boards.**
- (c) The provisions of this chapter shall not be construed as prohibiting the organization of a corporation to render professional services, or as limiting the rendering of professional services or the practice of any profession under any other provisions of law except to the extent expressly prohibited or limited by such provisions of law or the regulations of the applicable regulating boards.

A Massachusetts Professional Corporation has to identify the "professional services" it would provide and individual members would still be subject to the authority of the different licensing authorities at § 7.

Section 7 Organization; content of articles of organization

Section 7. One or more individuals, each of whom is licensed to perform a professional service, may organize a professional corporation by complying with Part 2 of chapter 156D. The articles or organization of a professional corporation shall contain the following:

- (a) corporate purposes **indicating the professional services** to be rendered;
- (b) the names and residence addresses of all of the original shareholders, directors and officers;
- (c) **a certificate by the appropriate regulating board or boards that each of the incorporators, the president and any vice presidents, a majority of the directors and each shareholder is duly licensed to render a professional service permitted by the articles of organization of the corporation.**

Similarly, for a Massachusetts Limited Liability Company.

See: Massachusetts General Laws, Part I Administration of the Government, TITLE XXII Corporations, Chapter 156C Limited Liability Company Act, at § 6.

Section 6.

- (a) Except as otherwise expressly provided by law, a limited liability company may carry on any lawful business, trade, profession, purpose or activity.
- (b) A limited liability company shall possess and may exercise all the powers and privileges granted by this chapter or by any other law or by the operating agreement, together with any powers incidental thereto, so far as such

powers and privileges are necessary or convenient to the conduct, promotion or attainment of the business, trade, profession, purposes or activities of the limited liability company. Without limitation of the foregoing and except as otherwise expressly set forth in a written operating agreement, a limited liability company shall have the power to make guarantees of the obligations of another person or entity.

- (c) A limited liability company or foreign limited liability company **which is organized to render a professional service** as defined in section two of chapter one hundred and fifty-six A shall
- (i) indicate in its certificate of organization or application for registration **the specific professional services** which it shall render,
 - (ii) be subject to any conditions or limitations established by any applicable regulating boards as defined in said section two, including the provision of liability insurance required by section sixty-five, and
 - (iii) include with its certificate of organization or application for registration a certificate by the **applicable regulating board which indicates compliance as of the date of organization or registration** by the members and managers with any eligibility standards established by such regulating board.

16. Michigan allows more than one professional to incorporate under the State's Business Corporation law but with specific limitations.

BUSINESS CORPORATION ACT (EXCERPT)
Act 284 of 1972
Chapter 2A
PROFESSIONAL CORPORATIONS

450.1281 Incorporation as professional corporation.

Sec. 281.

- (1) A corporation must incorporate as a professional corporation under this chapter if it is incorporated to provide 1 or more services in a learned profession, whether or not it is providing other professional services. A corporation may comply with this chapter and incorporate as a professional corporation if it is incorporated to provide 1 or more professional services, none of which are services in a learned profession, or may incorporate as a corporation that is not required to comply with this chapter.
- (2) A corporation that is incorporated as a professional corporation and its shareholders are subject to this chapter and this act. If there is a conflict between an applicable provision of this chapter and another provision of this act, the provision of this chapter takes precedence.
- (3) This chapter applies to a corporation incorporated under former 1962 PA 192, or to a corporation that on the effective date of this chapter was governed by former 1962 PA 192 as if incorporated under that act, as if that corporation were incorporated under this act and pursuant to this chapter.
- (4) This chapter does not apply to a corporation organized in this state before the enactment of former 1962 PA 192 to provide professional services to the public, and that did not previously amend its articles of incorporation to bring itself within the provisions of former 1962 PA 192, unless that corporation amends its articles of incorporation in such a manner that it is consistent with all the provisions of this chapter and affirmatively states in its amended articles of incorporation that the shareholders have elected to bring the corporation within the provisions of this chapter and this act.

History: Add. 2012, Act 569, Imd. Eff. Jan. 2, 2013

450.1282 Definitions.

Sec. 282.

As used in this chapter:

- (a) "Licensed person" means an individual who is duly licensed or otherwise legally authorized to practice a professional service by a court, department, board, commission, or agency of this state or another jurisdiction. The term includes an entity if all of its owners are licensed persons.
- (b) "Professional service" means a type of personal service to the public that requires that the provider obtain a license or other legal authorization as a condition precedent to providing that service. Professional service includes, but is not limited to, services provided by a certified or other public accountant, **chiropractor, dentist, optometrist, veterinarian, osteopathic physician, physician, surgeon, podiatrist, chiropodist, physician's assistant, architect, professional engineer, land surveyor, or attorney-at-law.**

History: Add. 2012, Act 569, Imd. Eff. Jan. 2, 2013

450.1283 Professional corporation; formation; name.

Sec. 283.

- (1) Except as provided in this section, 1 or more licensed persons may form a professional corporation under this chapter.
- (2) Each shareholder of a professional corporation must be a licensed person in 1 or more of the professional services provided by the professional corporation.
- (3) Except as provided in this section or otherwise prohibited, the articles of incorporation of a professional corporation shall state that the professional corporation is formed to provide 1 or more professional services and shall state the specific professional service or services the professional corporation is formed to provide.
- (4) The name of a professional corporation shall contain the words "professional corporation" or the abbreviation "P.C." with or without periods or other punctuation.

History: Add. 2012, Act 569, Imd. Eff. Jan. 2, 2013

450.1284 Professional corporation subject to MCL 333.16101 to 333.18838.

Sec. 284.

- (1) Except as otherwise provided in subsection (2) or (3), if a professional corporation provides a professional service that is subject to article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838, each shareholder of the professional corporation must be licensed or legally authorized in this state to provide the same professional service.
- (2) One or more individuals who are licensed to engage in the practice of medicine under part 170, the practice of osteopathic medicine and surgery under part 175, or the practice of podiatric medicine and surgery under part 180 of article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838, may organize a professional corporation under this act with 1 or more other individuals who are licensed to engage in the practice of medicine under part 170, the practice of osteopathic medicine and surgery under part 175, or the practice of podiatric medicine and surgery under part 180 of article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838.
- (3) Subject to section 17048 of the public health code, 1978 PA 368, MCL 333.17048, 1 or more individuals who are licensed to engage in the practice of medicine under part 170, the practice of osteopathic medicine and surgery under part 175, or the practice of podiatric medicine and surgery under part 180 of article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838, may organize a professional corporation under this act with 1 or more physician's assistants licensed under article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838. Beginning July 19, 2010, 1 or more physician's assistants may not organize a professional corporation under this act that will have only physician's assistants as shareholders.
- (4) A licensed person of another jurisdiction may become an officer, agent, or employee of a professional corporation but shall not provide any professional service in this state until the person is licensed or otherwise legally authorized to provide the professional service in this state.
- (5) A professional corporation that is organized under this act may engage in the practice of public accounting, as defined in section 720 of the occupational code, 1980 PA 299, MCL 339.720, in this state if more than 50% of the equity and voting rights of the professional corporation are held directly or beneficially by individuals who are licensed or otherwise authorized to engage in the practice of public accounting under article 7 of the occupational code, 1980 PA 299, MCL 339.720 to 339.736.

History: Add. 2012, Act 569, Imd. Eff. Jan. 2, 2013 ;-- Am. 2013, Act 132, Imd. Eff. Oct. 15, 2013

17. Minnesota. According to the American Health Lawyers Association, "Physicians and other health care professionals are specifically permitted by statute to practice medicine in Minnesota through a professional corporation, Minn. Stat. Chap. 319A, Integrated Service Networks, Minn. Stat. Chap. 62N, or a health care cooperative. Minn. Stat. Chap. 62R." [Jacobson PF. Corporate Practice of Medicine: 50-State Survey. National Health Lawyer Association, 1996, pp. 54]

Chapter 319B – "Professional Firms" of Minnesota's 2015 Statutes defines the different categories of professional that may organize and provide services as follows:

319B.02 DEFINITIONS.

Subdivision 1. Scope.

For the purposes of sections 319B.01 to 319B.12, the terms defined in this section have the meanings given them.

Subd. 2. Board.

"Board" means an agency of the state of Minnesota which has jurisdiction to grant a license to furnish professional services of a category within subdivision 19, except that in the case of a professional firm that provides legal services, "board" means the Board of Professional Responsibility.

Subd. 16. Pertinent professional services.

"Pertinent professional services" means, with respect to a professional firm, the category or categories of professional services specified by the firm in its election under section 319B.03, subdivision 2, or 319B.04, subdivision 2.

Subd. 17. Professional.

"Professional" means a natural person who is licensed by the laws of the state of Minnesota or similar laws of another state to furnish one or more of the categories of professional services listed in subdivision 19. Professional includes a natural person who is licensed or otherwise authorized to practice law under the laws of a foreign nation.

Subd. 18. Professional firm.

"Professional firm" means both Minnesota professional firms and foreign professional firms.

Subd. 19. Professional services.

"Professional services" means services of the type required or permitted to be furnished by a professional under a license, registration, or certificate issued by the state of Minnesota to practice medicine and surgery under sections 147.01 to 147.22, as a physician assistant pursuant to sections 147A.01 to 147A.27, chiropractic under sections 148.01 to 148.105, registered nursing under sections 148.171 to 148.285, optometry under sections 148.52 to 148.62, psychology under sections 148.88 to 148.98, social work under chapter 148D, marriage and family therapy under sections 148B.29 to 148B.39, professional counseling under sections 148B.50 to 148B.593, dentistry and dental hygiene under sections 150A.01 to 150A.12, pharmacy under sections 151.01 to 151.40, podiatric medicine under sections 153.01 to 153.25, veterinary medicine under sections 156.001 to 156.14, architecture, engineering, surveying, landscape architecture, geoscience, and certified interior design under sections 326.02 to 326.15, accountancy under chapter 326A, or law under sections 481.01 to 481.17, or under a license or certificate issued by another state under similar laws. Professional services includes services of the type required to be furnished by a professional pursuant to a license or other authority to practice law under the laws of a foreign nation.

319B.03 AUTHORITY OF MINNESOTA FIRMS TO FURNISH PROFESSIONAL SERVICES; ELECTION BY MINNESOTA FIRMS TO INVOKE THE ACT.

Subdivision 1. Authority under this act and under other law.

- (a) A Minnesota firm that has in effect an election under subdivision 2 may furnish professional services within Minnesota as provided in sections 319B.01 to 319B.12. A Minnesota firm may furnish professional services within Minnesota without making an election under subdivision 2 only if:
- (1) no Minnesota statute, Minnesota rule, or tenet of Minnesota common law requires the Minnesota firm to make that election in order to furnish professional services within Minnesota; and
 - (2) no Minnesota statute, Minnesota rule, or tenet of Minnesota common law precludes the Minnesota firm from furnishing professional services within Minnesota in the absence of that election.
- (b) A Minnesota professional firm may provide professional services and exercise the ancillary powers permitted under section 319B.06, subdivision 1, paragraph (c), in another state if:
- (1) the Minnesota professional firm is authorized to provide the services and exercise the powers within Minnesota;
 - (2) the Minnesota firm's organizational document does not prohibit the Minnesota professional firm from providing the services or exercising the powers in the other state;
 - (3) in the case of a Minnesota professional firm that is a limited liability partnership, the partnership agreement does not prohibit the Minnesota professional firm from providing the services or exercising the powers in the other state; and
 - (4) the Minnesota professional firm complies with all applicable laws of that other state regulating the furnishing of professional services and exercising of ancillary powers in that state.

Subd. 2.Election to invoke this act.

To elect to become a Minnesota professional firm and be authorized to furnish professional services according to sections 319B.01 to 319B.12, a Minnesota firm must in its organizational document:

- (1) state that the Minnesota firm elects to operate under those sections;
- (2) acknowledge that the Minnesota firm is subject to those sections; and
- (3) specify from the list stated in section 319B.02, subdivision 19, **the category or categories of professional services the Minnesota firm is authorized to provide.**

The statement, acknowledgment, and specification may be made when a Minnesota firm initially files the organizational document or may be added at a later time by updating that document.

319B.06 FURNISHING SERVICES.

Subdivision 1.Categories of service.

- (a) A professional firm may provide professional services within Minnesota in one of the categories listed in section 319B.02, subdivision 19, if:
 - (1) the professional firm's election under section 319B.03, subdivision 2, or 319B.04, subdivision 2, specifies that category; and
 - (2) each of the professional firm's owners meet the requirements of section 319B.07 with regard to that category.
- (b) A professional firm may provide professional services within Minnesota in more than one of the categories listed in section 319B.02, subdivision 19, if:
 - (1) the professional firm's election under section 319B.03, subdivision 2, or 319B.04, subdivision 2, specifies those categories;
 - (2) each of the professional firm's owners meet the requirements of section 319B.07 with regard to at least one of those categories; and
 - (3) the relevant licensing statutes, as listed in section 319B.02, subdivision 19, or rules in effect under those statutes, specifically authorize those categories of services to be practiced in combination.
- (c) A professional firm may exercise any powers accorded it by its generally applicable governing law, so long as the professional firm exercises those powers solely to provide the pertinent professional services or to accomplish tasks ancillary to providing those services.
- (d) A professional firm may not conduct any other business or provide any other services beyond those authorized in this subdivision, either within or outside of Minnesota.
- (e) A professional firm may not adopt, implement, or follow a policy, procedure, or practice that would give a board grounds for disciplinary action against a professional who follows, agrees to, or acquiesces in the policy, procedure, or practice.

Subd. 2.Manner of furnishing services.

- (a) A professional firm may furnish professional services within Minnesota only through professionals licensed or otherwise authorized by the state of Minnesota to furnish the pertinent professional services. Firm owners who are properly licensed professionals may provide professional services on a professional firm's behalf, and a professional firm may also hire or retain properly licensed professionals as employees, nonemployee agents, or independent contractors to furnish professional services on the professional firm's behalf.
- (b) If a professional firm is authorized under subdivision 1, paragraph (b), to furnish more than one category of professional services, a professional furnishing professional services on behalf of the professional firm is required to be licensed or authorized only with respect to the category or categories of services which the professional actually furnishes.

18.Nevada. Nevada Revised Statutes

<http://www.leg.state.nv.us/nrs/nrs-089.html>

Chapter 89 - Professional Entities and Associations, General Provisions, at § NRS 89.050 provides:

NRS 89.050 Scope of business; property and investments; professional services by officers and employees.

1. **Except as otherwise provided in subsection 2, a professional entity may be organized only for the purpose of rendering one specific type of professional service and may not engage in any business other than rendering the professional service for which it was organized and services reasonably related thereto, except that a professional entity may own real and personal property appropriate to its business and may invest its money in any form of real property, securities or any other type of investment.**
2. A professional entity may be organized to render a professional service relating to:
 - (a) Architecture, interior design, residential design, engineering and landscape architecture, or any combination

thereof, and may be composed of persons:

- (1) Engaged in the practice of architecture as provided in chapter 623 of NRS;
 - (2) Practicing as a registered interior designer as provided in chapter 623 of NRS;
 - (3) Engaged in the practice of residential design as provided in chapter 623 of NRS;
 - (4) Engaged in the practice of landscape architecture as provided in chapter 623A of NRS; and
 - (5) Engaged in the practice of professional engineering as provided in chapter 625 of NRS.
- (b) **Medicine, homeopathy and osteopathy, and may be composed of persons engaged in the practice of medicine as provided in chapter 630 of NRS, persons engaged in the practice of homeopathic medicine as provided in chapter 630A of NRS and persons engaged in the practice of osteopathic medicine as provided in chapter 633 of NRS. Such a professional entity may market and manage additional professional entities which are organized to render a professional service relating to medicine, homeopathy and osteopathy.**
- (c) **Mental health services, and may be composed of the following persons, in any number and in any combination:**
- (1) Any psychologist who is licensed to practice in this State;
 - (2) Any social worker who holds a master's degree in social work and who is licensed by this State as a clinical social worker;
 - (3) Any registered nurse who is licensed to practice professional nursing in this State and who holds a master's degree in the field of psychiatric nursing;
 - (4) Any marriage and family therapist who is licensed by this State pursuant to chapter 641A of NRS; and
 - (5) Any clinical professional counselor who is licensed by this State pursuant to chapter 641A of NRS.

È Such a professional entity may market and manage additional professional entities which are organized to render a professional service relating to mental health services pursuant to this paragraph.

3. A professional entity may render a professional service only through its officers, managers and employees who are licensed or otherwise authorized by law to render the professional service.

(Added to NRS by 1963, 866; A 1969, 705; 1985, 585; 1991, 323, 1306; 1995, 353, 1704; 1997, 206; 2001, 1781; 2003, 435; 2007, 2434, 3077)

19. New Jersey

2013 New Jersey Revised Statutes

[http://lis.njleg.state.nj.us/cgi-](http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=454022922&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC Frame Pg42)

[bin/om_isapi.dll?clientID=454022922&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC Frame Pg42](http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=454022922&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC Frame Pg42)

Title 14A - CORPORATIONS, GENERAL

14A:17-3 Terms defined.

Terms defined. As used in this act, the following words shall have the meanings indicated:

- (1) "**Professional service**" shall mean any type of personal service to the public which requires as a condition precedent to the rendering of such service the obtaining of a license or other legal authorization and which prior to the passage of this act and by reason of law could not be performed by a corporation. By way of example and without limiting the generality thereof, the personal services which come within the provisions of this act are the personal services rendered by certified public accountants, architects, optometrists, ophthalmic dispensers and technicians, professional engineers, land surveyors, land planners, **chiropractors**, physical therapists, registered professional nurses, dentists, osteopaths, physicians and surgeons, doctors of medicine, doctors of dentistry, podiatrists, veterinarians and, subject to the Rules of the Supreme Court, attorneys-at-law;
- (2) "**Professional corporation**" means a corporation which is organized under this act for the sole and specific purpose of rendering **the same or closely allied professional service as its shareholders**, each of whom must be licensed or otherwise legally authorized within this State to render such professional service;
- (3) "**Closely allied professional service**" means and is limited to the practice of
 - (a) architecture, professional engineering, land surveying and land planning and
 - (b) any branch of medicine and surgery, optometry, opticianry, physical therapy, registered professional nursing, psychology, and dentistry;

20. North Carolina

North Carolina

http://www.ncga.state.nc.us/enactedlegislation/statutes/html/bychapter/chapter_55b.html

NCGS Chapter 55B – North Carolina Professional Corporation Act (immediately below)
NCGS Chapter 57D – North Carolina Limited Liability Company Act (below)

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Chapter 55B. Professional Corporation Act provides the following at § 55B-14 below:

§ 55B-14. Types of professional services.

- (a) **A professional corporation shall render only one specific type professional service, and such services as may be ancillary thereto, and shall not engage in any other business or profession; provided, however, such corporation may own real and personal property necessary or appropriate for rendering the type of professional services it was organized to render and it may invest in real estate, mortgages, stocks, bonds, and any other type of investments.**
  - (b) Notwithstanding subsection (a) of this section, in the case of architectural, landscape architectural, engineering or land surveying, geological, and soil science services, as defined in Chapters 83A, 89A, 89C, 89E, and 89F respectively, one corporation may be authorized to provide such of these services where such corporation, and at least one corporate officer who is a stockholder thereof, is duly licensed by the licensing board of each such profession.
  - (c) **A professional corporation may also be formed by and between or among:**
    - (1) A licensed psychologist and a physician practicing psychiatry to render psychotherapeutic and related services.
    - (2) Any combination of a registered nurse, nurse practitioner, certified clinical specialist in psychiatric and mental health nursing, certified nurse midwife, and certified nurse anesthetist, to render nursing and related services that the respective stockholders are licensed, certified, or otherwise approved to provide.
  - (3) A physician and a physician assistant who is licensed, registered, or otherwise certified under Chapter 90 of the General Statutes to render medical and related services.
  - (4) A physician, a licensed psychologist, a licensed clinical social worker, or each of them and a certified clinical specialist in psychiatric and mental health nursing, a licensed marriage and family therapist, a licensed professional counselor, or each of them, to render psychotherapeutic and related services that the respective stockholders are licensed, certified, or otherwise approved to provide.
  - (5) A physician and any combination of a nurse practitioner, certified clinical specialist in psychiatric and mental health nursing, or certified nurse midwife, registered or otherwise certified under Chapter 90 of the General Statutes, to render medical and related services that the respective stockholders are licensed, certified, or otherwise approved to provide.
  - (6) A physician practicing anesthesiology and a certified nurse anesthetist to render anesthesia and related medical services that the respective stockholders are licensed, certified, or otherwise approved to provide.
  - (7) A physician and an audiologist who is licensed under Article 22 of Chapter 90 of the General Statutes to render audiological and related medical services that the respective stockholders are licensed, certified, or otherwise approved to provide.
  - (8) A physician practicing ophthalmology and an optometrist who is licensed under Article 6 of Chapter 90 of the General Statutes to render either or both of ophthalmic services and optometric and related services that the respective stockholders are licensed, certified, or otherwise approved to provide.
  - (9) A physician practicing orthopedics and a podiatrist who is licensed under Article 12A of Chapter 90 of the General Statutes to render either or both of orthopedic services and podiatric and related services that the respective stockholders are licensed, certified, or otherwise approved to provide.
- (1969, c. 718, s. 14; 1971, c. 196, s. 2; 1973, c. 1446, s. 9; 1985, c. 251; 1991, c. 205, s. 4; 1995, c. 382, s. 1; 1997-421, s. 1; 1997-500, s. 1; 1999-136, s. 1; 2000-115, s. 6; 2001-487, s. 40(e); 2003-117, s. 4; 2006-144, s. 3.1; 2007-451, s. 2(a).)

North Carolina limited liability law provides:

NCGS Chapter 57D – North Carolina Limited Liability Company Act

Sec. 57D-1-01. Short title.

This Chapter is the "North Carolina Limited Liability Company Act" and may be cited by that name.

Sec. 57D-2-02. Professional limited liability companies.

- (a) Except as set forth in this subsection, a limited liability company may engage in rendering professional services only to the extent that it would be able to render those services were it a corporation, including, as applicable, complying with Chapter 55B of the General Statutes and the statutes referenced in the definition of "professional service" in G.S. 55B-2(6). Chapter 55B of the General Statutes and each statute



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referenced therein are deemed amended and to apply with such changes as are necessary to cause them to be applicable to limited liability companies in the same degree as for corporations but subject to any provisions contained herein pursuant to which limited liability companies, or their members, managers, and other company officials, are treated differently from corporations, or their shareholders, directors, and officers.

For purposes of applying the provisions, conditions, and limitations of Chapter 55B of the General Statutes and the statutes referenced therein to limited liability companies that engage in rendering professional services, unless the context specifically requires otherwise, the following rules of construction shall apply:

- (1) References to Chapter 55 of the General Statutes are treated as references to this Chapter, and references to a "corporation" or "foreign corporation" are treated as references to an LLC or foreign LLC, respectively.
  - (2) References to "articles of incorporation" are treated as references to articles of organization.
  - (3) The persons executing the articles of organization of an LLC are treated in the same manner as the incorporators of a professional corporation.
  - (4) References to "directors" are treated as references to company officials having equal or greater authority in the management of a limited liability company as directors of a domestic corporation or foreign corporation, as the case may be.
  - (5) References to "officers" are treated as references to company officials whose authority to manage the limited liability company is equal to or greater than that exercised by officers of a domestic corporation.
  - (6) A professional limited liability company is not required to have more than one company official who would be treated as a director, officer, or both under Chapter 55B of the General Statutes.
  - (7) A manager or other company official who has the authority of both a director and an officer if the limited liability were a company or a corporation is to be treated as holding both positions for purposes of applying Chapter 55B of the General Statutes to the limited liability company.
  - (8) References to "shares" of a shareholder are treated as references to the ownership interest of an interest owner and, where the context so indicates or requires, a portion of an interest owner's ownership interest.
  - (9) References to "shareholders" are treated as references to interest owners.
  - (10) The name of a limited liability company that is to render a professional service and is subject to this section shall comply with Article 3 of Chapter 55D of the General Statutes and, in addition, shall contain the word "Professional" or the abbreviation "P.L.L.C." or "PLLC."
- (b) Nothing in this Chapter abolishes, modifies, restricts, limits, or alters the law in this State applicable to the professional relationship and liabilities between the individual furnishing the professional services and the person receiving the professional services, the standards of professional conduct applicable to the rendering of the services, or any responsibilities, obligations, or sanctions imposed under applicable licensing statutes. A member, manager, or other company official of a professional limited liability company is not individually liable, directly or indirectly, including by indemnification, contribution, assessment, or otherwise, for debts, obligations, and liabilities of, or chargeable to, the professional limited liability company that arise from errors, omissions, negligence, malpractice, incompetence, or malfeasance committed by another member, manager, or other company official, employee, agent, or other representative of the professional limited liability company, except nothing in this Chapter affects the liability of a member, manager, or other company official of a professional limited liability company for his or her own errors, omissions, negligence, malpractice, incompetence, or malfeasance committed in the rendering of professional services.

## 21. Ohio

Ohio Revised Code

<http://codes.ohio.gov/orc/>

Title [17] XVII CORPORATIONS - PARTNERSHIPS

Chapter 1701: GENERAL CORPORATION LAW (Immediately Below)

Chapter 1705: LIMITED LIABILITY COMPANIES (Below)

Chapter 1705: LIMITED LIABILITY COMPANIES (Below)

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Chapter 1701: GENERAL CORPORATION LAW

1701.03 Purposes of corporation.

(A) A corporation may be formed under this chapter for any purpose or combination of purposes for which individuals

lawfully may associate themselves, except that, if the Revised Code contains special provisions pertaining to the formation of any designated type of corporation other than a professional association, as defined in section 1785.01 of the Revised Code, a corporation of that type shall be formed in accordance with the special provisions.

- (B) **On and after July 1, 1994, a corporation may be formed under this chapter for the purpose of carrying on the practice of any profession, including, but not limited to, a corporation for the purpose of providing public accounting or certified public accounting services, a corporation for the erection, owning, and conducting of a sanitarium for receiving and caring for patients, medical and hygienic treatment of patients, and instruction of nurses in the treatment of disease and in hygiene, a corporation for the purpose of providing architectural, landscape architectural, professional engineering, or surveying services or any combination of those types of services, and a corporation for the purpose of providing a combination of the professional services, as defined in section 1785.01 of the Revised Code, of optometrists authorized under Chapter 4725. of the Revised Code, chiropractors authorized under Chapter 4734. of the Revised Code to practice chiropractic or acupuncture, psychologists authorized under Chapter 4732. of the Revised Code, registered or licensed practical nurses authorized under Chapter 4723. of the Revised Code, pharmacists authorized under Chapter 4729. of the Revised Code, physical therapists authorized under sections 4755.40 to 4755.56 of the Revised Code, occupational therapists authorized under sections 4755.04 to 4755.13 of the Revised Code, mechanotherapists authorized under section 4731.151 of the Revised Code, doctors of medicine and surgery, osteopathic medicine and surgery, or podiatric medicine and surgery authorized under Chapter 4731. of the Revised Code, and licensed professional clinical counselors, licensed professional counselors, independent social workers, social workers, independent marriage and family therapists, or marriage and family therapists authorized under Chapter 4757. of the Revised Code.**

This chapter does not restrict, limit, or otherwise affect the authority or responsibilities of any agency, board, commission, department, office, or other entity to license, register, and otherwise regulate the professional conduct of individuals or organizations of any kind rendering professional services, as defined in section 1785.01 of the Revised Code, in this state or to regulate the practice of any profession that is within the jurisdiction of the agency, board, commission, department, office, or other entity, notwithstanding that an individual is a director, officer, employee, or other agent of a corporation formed under this chapter and is rendering professional services or engaging in the practice of a profession through a corporation formed under this chapter or that the organization is a corporation formed under this chapter.

- (C) Nothing in division (A) or (B) of this section precludes the organization of a professional association in accordance with this chapter and Chapter 1785. of the Revised Code or the formation of a limited liability company under Chapter 1705. of the Revised Code with respect to a business, as defined in section 1705.01 of the Revised Code.
- (D) **No corporation formed for the purpose of providing a combination of the professional services, as defined in section 1785.01 of the Revised Code, of optometrists authorized under Chapter 4725. of the Revised Code, chiropractors authorized under Chapter 4734. of the Revised Code to practice chiropractic or acupuncture, psychologists authorized under Chapter 4732. of the Revised Code, registered or licensed practical nurses authorized under Chapter 4723. of the Revised Code, pharmacists authorized under Chapter 4729. of the Revised Code, physical therapists authorized under sections 4755.40 to 4755.56 of the Revised Code, occupational therapists authorized under sections 4755.04 to 4755.13 of the Revised Code, mechanotherapists authorized under section 4731.151 of the Revised Code, doctors of medicine and surgery, osteopathic medicine and surgery, or podiatric medicine and surgery authorized under Chapter 4731. of the Revised Code, and licensed professional clinical counselors, licensed professional counselors, independent social workers, social workers, independent marriage and family therapists, or marriage and family therapists authorized under Chapter 4757. of the Revised Code shall control the professional clinical judgment exercised within accepted and prevailing standards of practice of a licensed, certificated, or otherwise legally authorized optometrist, chiropractor, chiropractor practicing acupuncture through the state chiropractic board, psychologist, nurse, pharmacist, physical therapist, occupational therapist, mechanotherapist, doctor of medicine and surgery, osteopathic medicine and surgery, or podiatric medicine and surgery, licensed professional clinical counselor, licensed professional counselor, independent social worker, social worker, independent marriage and family therapist, or marriage and family therapist in rendering care, treatment, or professional advice to an individual patient.**

This division does not prevent a hospital, as defined in section 3727.01 of the Revised Code, insurer, as defined in section 3999.36 of the Revised Code, or intermediary organization, as defined in section 1751.01 of the Revised Code, from entering into a contract with a corporation described in this division that includes a provision requiring utilization review, quality assurance, peer review, or other performance or quality standards. Those activities shall not be construed as controlling the professional clinical judgment of an individual practitioner listed in this division.

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Chapter 1705: LIMITED LIABILITY COMPANIES

1705.02 Purposes of company - assistance in national defense.

A limited liability company may be formed for any purpose or purposes for which individuals lawfully may associate themselves, including for any profit or nonprofit purpose, except that, if the Revised Code contains special provisions for the formation of any designated type of corporation other than a professional association, a limited liability company shall not be formed for the purpose or purposes for which that type of corporation may be formed. At the request or direction of the government of the United States or any agency of that government, a limited liability company may transact any lawful business in aid of the national defense or in the prosecution of any war in which the United States is engaged.

Effective Date: 07-01-1994; 2008 HB160 06-20-2008

1705.03 Authority of limited liability company.

- (A) A limited liability company may sue and be sued.
- (B) Unless otherwise provided in its articles of organization, a limited liability company may take property of any description or any interest in property of any description by gift, devise, or bequest and may make donations for the public welfare or for charitable, scientific, or educational purposes.
- (C) In carrying out the purposes stated in its articles of organization or operating agreement and subject to limitations prescribed by law or in its articles of organization or its operating agreement, a limited liability company may do all of the following:
  - (1) Purchase or otherwise acquire, lease as lessee or lessor, invest in, hold, use, encumber, sell, exchange, transfer, and dispose of property of any description or any interest in property of any description;
  - (2) Make contracts;
  - (3) Form or acquire the control of other domestic or foreign limited liability companies;
  - (4) Be a shareholder, partner, member, associate, or participant in other profit or nonprofit enterprises or ventures;
  - (5) Conduct its affairs in this state and elsewhere;
  - (6) **Render in this state and elsewhere a professional service, the kinds of professional services authorized under Chapters 4703. and 4733. of the Revised Code, or a combination of the professional services of optometrists authorized under Chapter 4725. of the Revised Code, chiropractors authorized under Chapter 4734. of the Revised Code to practice chiropractic or acupuncture, psychologists authorized under Chapter 4732. of the Revised Code, registered or licensed practical nurses authorized under Chapter 4723. of the Revised Code, pharmacists authorized under Chapter 4729. of the Revised Code, physical therapists authorized under sections 4755.04 to 4755.56 of the Revised Code, occupational therapists authorized under sections 4755.04 to 4755.13 of the Revised Code, mechanotherapists authorized under section 4731.151 of the Revised Code, doctors of medicine and surgery, osteopathic medicine and surgery, or podiatric medicine and surgery authorized under Chapter 4731. of the Revised Code, and licensed professional clinical counselors, licensed professional counselors, independent social workers, social workers, independent marriage and family therapists, or marriage and family therapists authorized under Chapter 4757. of the Revised Code;**
  - (7) Borrow money;
  - (8) Issue, sell, and pledge its notes, bonds, and other evidences of indebtedness;
  - (9) Secure any of its obligations by mortgage, pledge, or deed of trust of all or any of its property;
  - (10) Guarantee or secure obligations of any person;
  - (11) Do all things permitted by law and exercise all authority within or incidental to the purposes stated in its articles of organization.
- (D) In addition to the authority conferred by division (C) of this section and irrespective of the purposes stated in its articles of organization or operating agreement but subject to any limitations stated in those articles or its operating agreement, a limited liability company may invest funds not currently needed in its business in any securities if the investment does not cause the company to acquire control of another enterprise whose activities and operations are not incidental to the purposes stated in the articles of organization of the company.
- (E)
  - (1) No lack of authority or limitation upon the authority of a limited liability company shall be asserted in any action except as follows:
    - (a) By the state in an action by it against the company;

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- (b) By or on behalf of the company in an action against a manager, an officer, or any member as a member;
  - (c) By a member as a member in an action against the company, a manager, an officer, or any member as a member;
  - (d) In an action involving an alleged improper issue of a membership interest in the company.
- (2) Division (E)(1) of this section applies to any action commenced in this state upon any contract made in this state by a foreign limited liability company.

Amended by 130th General Assembly File No. TBD, HB 232, §1, eff. 7/10/2014.  
Effective Date: 03-22-1999; 04-06-2007; 2007 SB33 08-22-2007

## 22. Oklahoma

### Oklahoma Statutes

[http://webserver1.lsb.state.ok.us/OK\\_Statutes/CompleteTitles/os18.rtf](http://webserver1.lsb.state.ok.us/OK_Statutes/CompleteTitles/os18.rtf)

#### Title 18. Corporations

##### §18-803. Definitions.

- A. As used in the Professional Entity Act, unless the context clearly indicates that a different meaning is intended:
- 5. **"Professional entity"** means a domestic corporation, limited partnership or limited liability company formed for the purpose of rendering professional service;
  - 6. **"Professional service"** means the personal service rendered by:
    - a. a physician, surgeon or doctor of medicine pursuant to a license under Sections 481 through 524 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of medicine,
    - b. an osteopathic physician or surgeon pursuant to a license under Sections 620 through 645 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of osteopathy,
    - c. a **chiropractic physician** pursuant to a license under Sections 161.1 through 161.20 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of chiropractic,
    - d. a podiatric physician pursuant to a license under Sections 135.1 through 160.2 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of podiatric medicine,
    - e. an optometrist pursuant to a license under Sections 581 through 606 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of optometry,
    - f. a veterinarian pursuant to a license under Sections 698.1 through 698.30b of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of veterinary medicine,
    - g. an architect pursuant to a license under Sections 46.1 through 46.41 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of architecture,
    - h. an attorney pursuant to his authority to practice law granted by the Supreme Court of the State of Oklahoma,
    - i. a dentist pursuant to a license under Sections 328.1 through 328.53 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of dentistry,
    - j. a certified public accountant or a public accountant pursuant to his or her authority to practice accounting under Sections 15.1 through 15.38 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of public accountancy,
    - k. a psychologist pursuant to a license under Sections 1351 through 1376 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of psychology,
    - l. a physical therapist pursuant to a license under Sections 887.1 through 887.18 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of physical therapy,
    - m. a registered nurse pursuant to a license under Sections 567.1 through 567.19 of Title 59 of the Oklahoma Statutes, and any other subsequent laws regulating the practice of nursing,
    - n. a professional engineer pursuant to a license under Sections 475.1 through 475.22a of Title 59 of the Oklahoma Statutes, and any subsequent laws relating to the practice of engineering,
    - o. a land surveyor pursuant to a license under Sections 475.1 through 475.22a of Title 59 of the Oklahoma Statutes, and any subsequent laws relating to the practice of land surveying,
    - p. an occupational therapist pursuant to Sections 888.1 through 888.15 of Title 59 of the Oklahoma Statutes and any subsequent law regulating the practice of occupational therapy,
    - q. a speech pathologist or speech therapist pursuant to Sections 1601 through 1622 of Title 59 of the Oklahoma Statutes, and any subsequent law regulating the practice of speech pathology,
    - r. an audiologist pursuant to Sections 1601 through 1622 of Title 59 of the Oklahoma Statutes, and any subsequent law regulating the practice of audiology,
    - s. a registered pharmacist pursuant to Sections 353 through 366 of Title 59 of the Oklahoma Statutes, and

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- t. any subsequent law regulating the practice of pharmacy,
  - t. a licensed perfusionist pursuant to Sections 2051 through 2071 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of perfusionists,
  - u. a licensed professional counselor pursuant to Sections 1901 through 1920 of Title 59 of the Oklahoma Statutes, and any subsequent law regulating the practice of professional counseling,
  - v. a licensed marital and family therapist pursuant to Sections 1925.1 through 1925.18 of Title 59 of the Oklahoma Statutes, and any subsequent law regulating the practice of marital and family therapy,
  - w. a dietitian licensed pursuant to Sections 1721 through 1739 of Title 59 of the Oklahoma Statutes and any subsequent laws regulating the practice of dietitians,
  - x. a social worker licensed pursuant to Sections 1250 through 1273 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of social work,
  - y. a licensed alcohol and drug counselor pursuant to Sections 1870 through 1885 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of alcohol and drug counseling, or
  - z. a licensed behavioral practitioner pursuant to Sections 1930 through 1949.1 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of behavioral health services;
7. **"Related professional services"** means those services which are combined for professional entity purposes as follows:
- a. **any combination of the following professionals:**
    - (1) a physician, surgeon or doctor of medicine pursuant to a license under Sections 481 through 524 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of medicine,
    - (2) an osteopathic physician or surgeon pursuant to a license under Sections 620 through 645 of Title 59 of the Oklahoma Statutes, and any subsequent laws relating to the practice of osteopathy,
    - (3) a dentist pursuant to a license under Sections 328.1 through 328.53 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of dentistry,
    - (4) a chiropractic physician pursuant to a license under Sections 161.1 through 161.20 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of chiropractic,
    - (5) a psychologist pursuant to a license under Sections 1351 through 1376 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of psychology,
    - (6) an optometrist pursuant to a license under Sections 581 through 606 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of optometry,
    - (7) a podiatric physician pursuant to a license under Sections 135.1 through 160.2 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of podiatric medicine,
    - (8) a dietitian licensed pursuant to Sections 1721 through 1739 of Title 59 of the Oklahoma Statutes and subsequent laws regulating the practice of dietitians, or
    - (9) an occupational therapist pursuant to Sections 888.1 through 888.15 of Title 59 of the Oklahoma Statutes and any subsequent law regulating the practice of occupational therapy, or
  - b. **any combination of the following professions:**
    - (1) an architect pursuant to a license under Sections 46.1 through 46.41 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of architecture,
    - (2) a professional engineer pursuant to a license under Sections 475.1 through 475.22a of Title 59 of the Oklahoma Statutes, and any subsequent laws relating to the practice of engineering, or
    - (3) a land surveyor pursuant to a license under Sections 475.1 through 475.22a of Title 59 of the Oklahoma Statutes, and any subsequent laws relating to the practice of land surveying;

**§18-804. Formation of professional entity.**

A professional entity may be formed by filing the appropriate instrument required by the associated act with the Secretary of State. **The individual or individuals forming the professional entity shall be duly licensed in accordance with the provisions of this state's licensing laws for the profession and in good standing within the profession to be practiced through the professional entity.** Such instrument shall meet the requirements of the applicable associated act and shall also contain the following:

1. **The profession or related professions to be practiced through the professional entity; and**
2. **A certificate by the regulating board of the profession or related professions involved that each of the persons who are to become owners or managers of the professional entity and who are to engage in the practice of the profession or related profession is duly licensed in accordance with the provisions of this state's licensing laws for the profession or related profession to practice such profession.**

Added by Laws 1961, p. 205, § 4, emerg. eff. July 26, 1961. Amended by Laws 1981, c. 312, § 2, eff. Oct. 1, 1981; Laws 1986, c. 292, § 148, eff. Nov. 1, 1986; Laws 1995, c. 339, § 3, eff. Nov. 1, 1995.

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§18-813. Professional regulation.

Subject to the provisions of Section 819 of this title, nothing in this act shall restrict or limit in any manner the authority and duty of the regulating boards for the licensing of individual persons rendering professional services or the practice of the profession which is within the jurisdiction of such regulating board, notwithstanding that such person is an owner, manager or employee of a professional entity and rendering such professional services or engaging in the practice of such profession through such professional entity.

Added by Laws 1961, p. 206, § 13, emerg. eff. July 26, 1961. Amended by Laws 1995, c. 339, § 10, eff. Nov. 1, 1995.

## 23. Oregon

### Oregon

[https://www.oregonlegislature.gov/bills\\_laws/lawsstatutes/2013ors058.html](https://www.oregonlegislature.gov/bills_laws/lawsstatutes/2013ors058.html)

#### Professional Corporations

#### Chapter 58 — Professional Corporations

#### 2013 EDITION

#### PROFESSIONAL CORPORATIONS

#### CORPORATIONS AND PARTNERSHIPS

#### GENERAL PROVISIONS

58.015 Definitions. As used in this chapter, unless the context requires otherwise:

- (1) "Foreign professional corporation" means a professional corporation organized under laws other than the laws of this state.
- (2) "License" includes a license, certificate of registration, permit or other legal authorization required by law as a condition precedent to the rendering of professional service or services within this state.
- (3) "Oregon Business Corporation Act" has the same meaning given that term in ORS 60.951.
- (4) "Practicing medicine" has the meaning given that term in ORS 677.085.
- (5) "Professional" means:
  - (a) Accountants licensed under ORS 673.010 to 673.457 or the laws of another state;
  - (b) Architects registered under ORS 671.010 to 671.220 or licensed or registered under the laws of another state;
  - (c) Attorneys licensed under ORS 9.005 to 9.755 or the laws of another state;
  - (d) Chiropractors licensed under ORS chapter 684 or the laws of another state;
  - (e) Dentists licensed under ORS chapter 679 or the laws of another state;
  - (f) Landscape architects licensed under ORS 671.310 to 671.459 or the laws of another state;
  - (g) Naturopaths licensed under ORS chapter 685 or the laws of another state;
  - (h) Nurse practitioners licensed under ORS 678.010 to 678.410 or the laws of another state;
  - (i) Psychologists licensed under ORS 675.010 to 675.150 or the laws of another state;
  - (j) Physicians licensed under ORS chapter 677 or the laws of another state;
  - (k) Medical imaging licensees under ORS 688.405 to 688.605 or the laws of another state;
  - (L) Real estate appraisers licensed or certified under ORS chapter 674 or the laws of another state; and
  - (m) Other persons providing to the public types of personal service or services substantially similar to those listed in paragraphs (a) to (L) of this subsection that may be lawfully rendered only pursuant to a license.
- (6) "Professional corporation" or "domestic professional corporation" means a corporation organized under this chapter for the specific purpose of rendering professional service or services and for such other purposes provided under this chapter.
- (7) "Professional service" means personal service or services rendered in this state to the public which may be lawfully rendered only pursuant to a license by a professional.
- (8) "Regulatory board" means the governmental agency of the State of Oregon required or authorized by law to license and regulate the rendering of a professional service or services for which a professional corporation is organized. [1969 c.592 §2; 1971 c.362 §3; 1985 c.728 §42; 1985 c.764 §3; 1987 c.94 §14; 1993 c.235 §1; 1997 c.774 §1; 2003 c.14 §24; 2005 c.254 §11; 2009 c.833 §27; 2013 c.129 §21; 2013 c.196 §16]

#### FORMATION AND OPERATION

##### (Generally)

58.076 Purposes for which professional corporation may be organized.

- (1) Except to the extent authorized by subsection (2) of this section, a corporation may elect professional corporation status under ORS 58.085 solely for the purpose of rendering professional service or services, including services ancillary to them, and solely within a single profession.

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- (2) A corporation may elect professional corporation status under ORS 58.085 for the purpose of rendering professional service or services within two or more professions, and for the purpose of engaging in any lawful business authorized by ORS 60.074, to the extent the combination of professional purposes or of professional and business purposes is expressly authorized by the regulatory board in this state applicable to each profession in the combination. [1993 c.235 §26]

With respect to the Practice of Medicine in particular, Oregon statutes provide:

(Practice of Medicine)

58.375 Requirements for professional corporations organized to practice medicine; application to nonprofit corporations.

- (1) In a professional corporation organized for the purpose of practicing medicine:
- (a) The holders of the majority of each class of shares entitled to vote shall be physicians who are licensed in this state to practice medicine.
  - (b) A majority of the directors shall be physicians who are licensed in this state to practice medicine.
  - (c) All officers except the secretary and treasurer, if any, must be physicians who are licensed in this state to practice medicine. Any two or more offices may be held by the same person.
  - (d) Except as otherwise provided by law, the Oregon Medical Board may expressly require that more than a majority of each class of shares entitled to vote be held by physicians who are licensed in this state to practice medicine.
  - (e) Except as otherwise provided by law, the Oregon Medical Board may expressly require that more than a majority of the directors be physicians who are licensed in this state to practice medicine.
- (2) A professional corporation may be a shareholder of a professional corporation organized for the purpose of practicing medicine solely for the purpose of effecting a reorganization as defined in the Internal Revenue Code.
- (3) The provisions of subsections (1) and (2) of this section do not apply to nonprofit corporations organized under Oregon law to provide medical services to migrant, rural, homeless or other medically underserved populations under 42 U.S.C. 254b or 254c or to health centers qualified under 42 U.S.C. 1396d(l)(2)(B) that operate in compliance with other applicable state and federal law. [1997 c.774 §17; 2007 c.557 §1]

#### 24. Rhode Island

Rhode Island

<http://webserver.rilin.state.ri.us/Statutes/title7/7-5.1/INDEX.HTM>

#### CHAPTER 7-5.1

##### Professional Service Corporations

§ 7-5.1-2 Definitions. – As used in this chapter:

- (1) "Professional services" means the rendering of personal services by a person authorized to practice as one of the following professions as defined:
- (i) Physicians;
  - (ii) Dentists;
  - (iii) Attorneys at law;
  - (iv) [Deleted by P.L. 2000, ch. 328, § 1, and by P.L. 2000, ch. 513, § 1.]
  - (v) Professional engineers;
  - (vi) Architects;
  - (vii) Certified public accountants and licensed public accountants;
  - (viii) Veterinarians;
  - (ix) Chiropractors;
  - (x) Podiatrists;
  - (xi) Registered nurses;
  - (xii) Optometrists;
  - (xiii) Physical therapists;
  - (xiv) Landscape architects;
  - (xv) Land surveyors;
  - (xvi) Opticians;
  - (xvii) Physician assistants;
  - (xviii) Psychologists; or
  - (xix) Midwives or nurse-midwives.

(2) "Regulatory agency" means:

- (i) The professional licensing board contained within the department of health, as set forth in title 5 of the general laws when referring to physicians, dentists, chiropractors, podiatrists, registered nurses, optometrists, physical therapists, opticians, physician assistants, or midwives or nurse-midwives;
- (ii) The Supreme Court when referring to attorneys at law;
- (iii) The board of registration of professional engineers and land surveyors when referring to professional engineers and/or land surveyors;
- (iv) The board of examination and registration of architects when referring to architects;
- (v) The board of accountancy when referring to certified public accountants, and licensed public accountants;
- (vi) The board of veterinarians when referring to veterinarians;
- (vii) The board of examiners of landscape architects when referring to landscape architects;
- (viii) The board of psychology when referring to psychologists.

(3) "Authorized to practice" means duly licensed, certified, or registered by the proper regulatory agency.

•History of Section.

(P.L. 1964, ch. 185, § 1; P.L. 1969, ch. 163, § 1; P.L. 1971, ch. 171, § 24; P.L. 1972, ch. 100, § 2; P.L. 1980, ch. 268, § 1; P.L. 1981, ch. 245, § 1; P.L. 1989, ch. 537, § 1; P.L. 1992, ch. 281, § 1; P.L. 1995, ch. 259, § 1; P.L. 1995, ch. 304, § 1; P.L. 2000, ch. 328, § 1; P.L. 2000, ch. 513, § 1; P.L. 2012, ch. 101, § 1; P.L. 2012, ch. 106, § 1.)

§ 7-5.1-3 Authority to practice. –

- (a) **Except as specifically provided in subsection (b) of this section**, any corporation organized under this chapter may engage in rendering professional services of not more than one of the professions enumerated in § 7-5.1-2, provided that every officer, director, and shareholder of the corporation is an individual authorized to practice the profession and is employed by the corporation in that practice. No individual may be an officer, shareholder, director, or employee of any other corporation engaged in the practice of the same profession without the prior written approval of the applicable regulatory agency or agencies.
- (b) **Nothing in these provisions is to be construed to prohibit a corporation organized under this chapter from engaging in the practice of the following combination of professions:**
  - (1) **Physicians, dentists, registered nurses, podiatrists, optometrists, physician assistants, chiropractic physicians, physical therapists, psychologists, midwives or nurse-midwives;**
  - (2) **Landscape architects, professional engineers, architects, and land surveyors; and**
  - (3) **Certified public accountants and licensed public accountants.**

•History of Section.

(P.L. 1964, ch. 185, § 1; P.L. 1972, ch. 100, § 3; P.L. 1981, ch. 245, § 1; P.L. 1989, ch. 537, § 1; P.L. 1992, ch. 281, § 1; P.L. 1998, ch. 232, § 1; P.L. 1998, ch. 345, § 1; P.L. 2000, ch. 328, § 1; P.L. 2000, ch. 513, § 1; P.L. 2002, ch. 242, § 1; P.L. 2012, ch. 101, § 1; P.L. 2012, ch. 106, § 1.)

## 25. Tennessee

### Tennessee Professional Limited Liability Company

#### [Chapter No. 286] PUBLIC ACTS, 2005

As used in this chapter, the following terms shall have the respective meanings set forth in this section unless the context otherwise requires:

\* \* \*

- (6) "Professional LLC," "PLLC," "domestic professional LLC," "domestic PLLC" or a professional LLC or PLLC that is otherwise designated as "domestic" means a professional LLC that is formed under this Act, an LLC for which professional LLC status has been elected under this chapter or, where expressly indicated, a professional LLC that is formed under the Prior Act or an LLC that is formed under the Prior Act for which professional LLC status has been elected under the Prior Act.
- (7) "Professional service" means a service that may be lawfully rendered only by a person licensed or otherwise authorized by a licensing authority in this state to render the service.

#### 1104. Purposes.

- (a) **Single Profession.** Except to the extent authorized by subsection (b) and § [1109], a PLLC may be formed and professional LLC status of an LLC may be elected solely for the purpose of rendering professional services, including services ancillary to them, and solely within a single profession.
- (b) **Multiple Professions.** A PLLC may be formed and professional LLC status of an LLC may be elected for the purpose of rendering professional services within two (2) or more professions and for the purpose of engaging



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in any lawful business authorized by this Act only if the combination of professional purposes or of professional and business purposes is specifically authorized by the licensing law of this state applicable to each profession in the combination.

- (c) **Other States.** Notwithstanding the provisions of subsections (a) and (b), if a PLLC is formed or professional LLC status of an LLC is elected to provide professional services in states other than this state, such PLLC may be formed or professional LLC status of such LLC may be elected for the purpose of rendering professional service(s) permitted by the licensing boards of the other states in which it will operate. Such PLLC or LLC for which professional LLC status has been elected shall, nevertheless, be required to file reports and other information as may be required by the applicable licensing authorities of this state to establish or confirm that such PLLC or LLC for which professional LLC status has been elected is not providing unauthorized professional services in this state.

1109. Eligible Members and Holders.

- (a) **Members and Holders.** A PLLC may have both members and holders of financial rights and may issue both membership interests to members and financial rights to holders.
- (b) **General Eligibility.** A PLLC may have persons who are not licensed to practice a profession described in the PLLC's articles in this state as members or holders of financial rights only if the licensing authority that licenses the professionals who are members or holders of such a PLLC specifically so authorizes. Otherwise a PLLC may have as members and holders of financial rights only the following:
- (1) Individuals who are authorized by law in this or another state to render a professional service described in the PLLC's articles;
  - (2) General partnerships in which all the partners are qualified persons with respect to the PLLC and in which at least one (1) partner is authorized by law in this state to render a professional service described in the PLLC's articles;
  - (3) Professional corporations and professional associations, whether domestic or foreign, authorized by law in this state to render a professional service described in the PLLC's articles; and/or
  - (4) PLLCs, whether domestic or foreign, authorized by law in this state to render a professional service described in the PLLC's articles.
- (c) **Licensing Authority Eligibility Rules.** If a licensing authority with jurisdiction over a profession considers it necessary to prevent violation of the ethical standards of the profession, the licensing authority may by rule restrict or condition, or revoke in part, the authority of PLLCs subject to its jurisdiction to have the members or holders of financial rights described in subsection (b). A rule promulgated under this section does not, of itself, make a member or holder of financial rights of a PLLC at the time the rule becomes effective a disqualified person.
- (d) **Void Interests.** Any membership interest, governance rights or financial rights purported to be held by a person in violation of this section or a rule promulgated under this section is void.
- (e) **Specified Health Care Professionals.** Notwithstanding any other provision of this chapter, **the following health care professionals shall have a right to be members and/or holders of financial rights of the same PLLC:**
- (1) Optometrists licensed under Title 63, Chapter 8, and ophthalmologists licensed under Title 63, Chapter 6 or 9;
  - (2) Podiatrists licensed under Title 63, Chapter 3, and physicians licensed under Title 63, Chapter 6 or 9, except radiologists, pathologists and anesthesiologists;
  - (3) Doctors of chiropractic licensed under Title 63, Chapter 4, and physicians licensed under Title 63, Chapter 6 or 9, except radiologists, pathologists and anesthesiologists; and
  - (4) Physician assistants licensed under Title 63, Chapter 19, Part 1, and physicians licensed under Title 63, Chapter 6 or 9, except radiologists, pathologists, and anesthesiologists.

The services rendered by these health care professionals are considered related and complementary to each other; provided, that nothing in this chapter shall be construed to alter the lawful scope of practice of a professional who is a member or holder of financial rights of a PLLC under this subsection (e); and further provided that nothing in this chapter shall be construed to allow any professional who is a member or holder of financial rights of a PLLC under this subsection (e) to conduct the professional's practice in a manner contrary to the standards of ethics applicable to the professional's profession. Such individual shall accurately state such individual's professional credentials on any advertisement to the public.

26. Virginia

Code of Virginia

Title 13.1. Corporations

Chapter 7. Professional Corporations

§ 13.1-543. Definitions.

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A. As used in this chapter:

3. The professional corporation, the trustees of the employee stock ownership plan, and the other shareholders of the professional corporation comply with the foregoing provisions of the plan.

"Professional business entity" means any entity as defined in § 13.1-603 that is duly licensed or otherwise legally authorized under the laws of the Commonwealth or the laws of the jurisdiction under whose laws the entity is formed to render the same professional service as that for which a professional corporation or professional limited liability company may be organized, including, but not limited to, (i) a professional limited liability company as defined in § 13.1-1102, (ii) a professional corporation as defined in this subsection, or (iii) a partnership that is registered as a registered limited liability partnership registered under § 50-73.132, all of the partners of which are duly licensed or otherwise legally authorized to render the same professional services as those for which the partnership was organized.

"Professional corporation" means a corporation whose articles of incorporation set forth a sole and specific purpose permitted by this chapter and that is either

- (i) organized under this chapter for the sole and specific purpose of rendering professional service other than that of architects, professional engineers, land surveyors, or landscape architects, or using a title other than that of certified interior designers and, except as expressly otherwise permitted by this chapter, that has as its shareholders or members only individuals or professional business entities that are duly licensed or otherwise legally authorized to render the same professional service as the corporation, including the trustees of an eligible employee stock ownership plan or
- (ii) organized under this chapter for the sole and specific purpose of rendering the professional services of architects, professional engineers, land surveyors, or landscape architects, or using the title of certified interior designers, or any combination thereof, and at least two-thirds of whose shares are held by persons duly licensed within the Commonwealth to perform the services of an architect, professional engineer, land surveyor, or landscape architect, including the trustees of an eligible employee stock ownership plan, or by persons legally authorized within the Commonwealth to use the title of certified interior designer; or
- (iii) **organized under this chapter** or under Chapter 10 (§ 13.1-801 et seq.) of this title for the sole and specific purpose of rendering the professional services of one or more practitioners of the healing arts, licensed under the provisions of Chapter 29 (§ 54.1-2900 et seq.) of Title 54.1, or one or more nurse practitioners, licensed under Chapter 29 (§ 54.1-2900 et seq.) of Title 54.1, or one or more optometrists licensed under the provisions of Chapter 32 (§ 54.1-3200 et seq.) of Title 54.1, or one or more physical therapists and physical therapist assistants licensed under the provisions of Chapter 34.1 (§ 54.1-3473 et seq.) of Title 54.1, or one or more practitioners of the behavioral science professions, licensed under the provisions of Chapter 35 (§ 54.1-3500 et seq.), 36 (§ 54.1-3600 et seq.) or 37 (§ 54.1-3700 et seq.) of Title 54.1, or one or more practitioners of audiology or speech pathology, licensed under the provisions of Chapter 26 (§ 54.1-2600 et seq.) of Title 54.1, or one or more clinical nurse specialists who render mental health services licensed under Chapter 30 (§ 54.1-3000 et seq.) of Title 54.1 and registered with the Board of Nursing, or any combination of practitioners of the healing arts, optometry, physical therapy, the behavioral science professions, and audiology or speech pathology, and all of whose shares are held by or all of whose members are individuals or professional business entities duly licensed or otherwise legally authorized to perform the services of a practitioner of the healing arts, nurse practitioners, optometry, physical therapy, the behavioral science professions, audiology or speech pathology or of a clinical nurse specialist who renders mental health services, including the trustees of an eligible employee stock ownership plan; however, nothing herein shall be construed so as to allow any member of the healing arts, optometry, physical therapy, the behavioral science professions, audiology or speech pathology or a nurse practitioner or clinical nurse specialist to conduct his practice in a manner contrary to the standards of ethics of his branch of the healing arts, optometry, physical therapy, the behavioral science professions, audiology or speech pathology, or nursing, as the case may be.

"Professional service" means any type of personal service to the public that requires as a condition precedent to the rendering of such service or use of such title the obtaining of a license, certification, or other legal authorization and shall be limited to the personal services rendered by pharmacists, optometrists, physical therapists and physical therapist assistants, practitioners of the healing arts, nurse practitioners, practitioners of the behavioral science professions, veterinarians, surgeons, dentists, architects, professional engineers, land surveyors, landscape architects, certified interior designers, public accountants, certified public accountants, attorneys-at-law, insurance consultants, audiologists or speech pathologists, and clinical nurse specialists. For the purposes of this

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chapter, the following shall be deemed to be rendering the same professional service:

1. Architects, professional engineers, and land surveyors; and
  2. Practitioners of the healing arts, licensed under the provisions of Chapter 29 (§ 54.1-2900 et seq.) of Title 54.1; nurse practitioners, licensed under the provisions of Chapter 29 (§ 54.1-2900 et seq.) of Title 54.1; optometrists, licensed under the provisions of Chapter 32 (§ 54.1-3200 et seq.) of Title 54.1; physical therapists and physical therapist assistants, licensed under the provisions of Chapter 34.1 (§ 54.1-3473 et seq.) of Title 54.1; practitioners of the behavioral science professions, licensed under the provisions of Chapters 35 (§ 54.1-3500 et seq.), 36 (§ 54.1-3600 et seq.), and 37 (§ 54.1-3700 et seq.) of Title 54.1; and one or more clinical nurse specialists who render mental health services, licensed under Chapter 30 (§ 54.1-3000 et seq.) of Title 54.1 and are registered with the Board of Nursing.
- B. Persons who practice the healing art of performing professional clinical laboratory services within a hospital pathology laboratory shall be legally authorized to do so for purposes of this chapter if such persons (i) hold a doctorate degree in the biological sciences or a board certification in the clinical laboratory sciences and (ii) are tenured faculty members of an accredited medical college or university that is an "educational institution" within the meaning of § 23-14.

1970, c. 77; 1972, c. 180; 1980, cc. 701, 757; 1981, c. 217; 1985, c. 576; 1989, c. 665; 1990, cc. 481, 595; 1992, cc. 13, 16; 1994, c. 349; 1999, c. 83; 2000, cc. 194, 688, 763; 2003, c. 678; 2006, cc. 672, 715; 2008, c. 265; 2009, c. 309.

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Virginia Professional Limited Liability Company Act

§ 13.1-1100. Reservation of power to amend or repeal.

The General Assembly shall have the power to amend or repeal all or part of this chapter at any time and all domestic and foreign professional limited liability companies subject to this chapter shall be governed by the amendment or repeal.

1992, c. 574 .

§ 13.1-1101. Legislative purpose.

It is the legislative intent to provide for the association of a group of individuals and professional corporations, professional limited liability companies, or other business entities formed to provide professional services as a limited liability company to render the same professional service to the public for which those individuals or other business entities are required by law to be licensed or to obtain other legal authorization from the Commonwealth of Virginia.

1992, c. 574 .

§ 13.1-1101.1. Practice of certain professions by limited liability companies.

Unless otherwise prohibited by law or regulation, the professional services defined in subsection A of § 13.1-1102 may be rendered in this Commonwealth by:

1. A limited liability company organized as a professional limited liability company pursuant to the provisions of this chapter;
2. A foreign limited liability company that has obtained a certificate of authority pursuant to the provisions of this chapter;
3. A limited liability company organized pursuant to the provisions of Chapter 12 (§ 13.1-1000 et seq.) of this title; or
4. A foreign limited liability company that has obtained a certificate of authority pursuant to the provisions of Chapter 12 (§ 13.1-1000 et seq.) of this title.

2003, c. 678.

§ 13.1-1102. Definitions.

A. As used in this chapter:

"Professional business entity" means any entity as defined in § 13.1-603 that is duly licensed or otherwise legally authorized under the laws of the Commonwealth or the laws of the jurisdiction under whose laws the entity is formed to render the same professional service as that for which a professional corporation or professional limited liability company may be organized, including, but not limited to, (i) a professional limited liability company as defined in this subsection, (ii) a professional corporation as defined in subsection A of § 13.1-543, or (iii) a partnership that is registered as a registered limited liability partnership under § 50-73.132, all of the partners of which are duly licensed or otherwise legally authorized to render the same professional services as those for which the partnership was organized.

"Professional limited liability company" means a limited liability company whose articles of organization set forth a sole and specific purpose permitted by this chapter and that is either (i) organized under this chapter for the sole and specific purpose of rendering professional service other than that of architects, professional engineers, land surveyors, or landscape architects, or using a title other than that of certified interior designers and, except as expressly otherwise permitted by this chapter, that has as its members only individuals or professional business entities that are duly licensed or otherwise legally authorized to render the same professional service as the professional limited liability company or (ii) organized under this chapter for the sole and specific purpose of rendering professional service of architects, professional engineers, land surveyors, or landscape architects or using the title of certified interior designers, or any combination thereof, and at least two-thirds of whose membership interests are held by persons duly licensed within the Commonwealth to perform the services of an architect, professional engineer, land surveyor, or landscape architect, or by persons legally authorized within the Commonwealth to use the title of certified interior designer; **or (iii) organized under this chapter for the sole and specific purpose of rendering the professional services of one or more practitioners of the healing arts**, licensed under the provisions of Chapter 29 (§ 54.1-2900 et seq.) of Title 54.1, or one or more nurse practitioners, licensed under Chapter 29 (§ 54.1-2900 et seq.) of Title 54.1, or one or more optometrists licensed under the provisions of Chapter 32 (§ 54.1-3200 et seq.) of Title 54.1, or one or more physical therapists and physical therapist assistants licensed under the provisions of Chapter 34.1 (§ 54.1-3473 et seq.) of Title 54.1, or one or more practitioners of the behavioral science professions, licensed under the provisions of Chapter 35 (§ 54.1-3500 et seq.), 36 (§ 54.1-3600 et seq.) or 37 (§ 54.1-3700 et seq.) of Title 54.1, or one or more practitioners of audiology or speech pathology, licensed under the provisions of Chapter 26 (§ 54.1-2600 et seq.) of Title 54.1, or one or more clinical nurse specialists who render mental health services licensed under Chapter 30 (§ 54.1-3000 et seq.) of Title 54.1 and registered with the Board of Nursing, **or any combination of practitioners of the healing arts**, of optometry, physical therapy, the behavioral science professions, and audiology or speech pathology and all of whose members are individuals or professional business entities duly licensed or otherwise legally authorized to perform the services of a practitioner of the healing arts, nurse practitioners, optometry, physical therapy, the behavioral science professions, audiology or speech pathology or of a clinical nurse specialist who renders mental health services; however, nothing herein shall be construed so as to allow any member of the healing arts, optometry, physical therapy, the behavioral science professions, audiology or speech pathology or a nurse practitioner or clinical nurse specialist to conduct that person's practice in a manner contrary to the standards of ethics of that person's branch of the healing arts, optometry, physical therapy, the behavioral science professions, or audiology or speech pathology, or nursing as the case may be.

"Professional services" means any type of personal service to the public that requires as a condition precedent to the rendering of that service or the use of that title the obtaining of a license, certification, or other legal authorization and shall be limited to the personal services rendered by pharmacists, optometrists, physical therapists and physical therapist assistants, practitioners of the healing arts, nurse practitioners, practitioners of the behavioral science professions, veterinarians, surgeons, dentists, architects, professional engineers, land surveyors, landscape architects, certified interior designers, public accountants, certified public accountants, attorneys at law, insurance consultants, audiologists or speech pathologists and clinical nurse specialists. For the purposes of this chapter, the following shall be deemed to be rendering the same professional services:

1. Architects, professional engineers, and land surveyors; and
2. Practitioners of the healing arts, licensed under the provisions of Chapter 29 (§ 54.1-2900 et seq.) of Title 54.1, nurse practitioners, licensed under Chapter 29 (§ 54.1-2900 et seq.) of Title 54.1, optometrists, licensed under the provisions of Chapter 32 (§ 54.1-3200 et seq.) of Title 54.1, physical therapists, licensed under the provisions of Chapter 34.1 (§ 54.1-3473 et seq.) of Title 54.1, practitioners of the behavioral science professions, licensed under the provisions of Chapters

35 (§ 54.1-3500 et seq.), 36 (§ 54.1-3600 et seq.), and 37 (§ 54.1-3700 et seq.) of Title 54.1, and clinical nurse specialists who render mental health services licensed under Chapter 30 (§ 54.1-3000 et seq.) of Title 54.1 and registered with the Board of Nursing.

B. Persons who practice the healing art of performing professional clinical laboratory services within a hospital pathology laboratory shall be legally authorized to do so for purposes of this chapter if such persons (i) hold a doctorate degree in the biological sciences or a board certification in the clinical laboratory sciences and (ii) are tenured faculty members of an accredited medical college or university that is an "educational institution" within the meaning of § 23-14.

C. Except as expressly otherwise provided, all terms defined in § 13.1-1002 shall have the same meanings for purposes of this chapter.

1992, c. 574; 1993, c. 113; 1994, c. 349; 1996, c. 265; 1999, c. 83; 2000, cc. 194, 688, 763; 2003, c. 678; 2008, c. 265; 2009, c. 309.

27. Wisconsin

Wisconsin Business Corporation Law (2016)

SUBCHAPTER XIX

SERVICE CORPORATIONS

180.1901 Definitions. In ss. 180.1901 to 180.1921:

(1) "Employee" means an individual who is hired by a service corporation and who is usually and ordinarily considered by custom, practice or law to be rendering professional or other personal services for which a license, certificate, registration or other legal authorization is required. "Employee" does not include any of the following:

- (a) An individual who is hired by a service corporation and who provides services as an administrator, technician, clerk or bookkeeper.
- (b) An individual who performs all of his or her employment for a service corporation under the direct supervision and control of a licensed, registered or certified officer or employee of the service corporation.

(1m) "Health care professional" means an individual who is licensed, registered or certified by any of the following:

- (ag) The massage therapy and bodywork therapy affiliated credentialing board under ch. 460.
- (am) Chiropractic examining board under ch. 446
- (ar) Board of nursing under ch. 441.
- (at) Dentistry examining board under ch. 447.
- (b) Medical examining board under subch. II of ch. 448.
- (bg) Physical therapy examining board under subch. III of ch. 448.
- (bk) Podiatry affiliated credentialing board under subch. IV of ch. 448.
- (br) Dietitians affiliated credentialing board under subch. V of ch. 448.
- (bs) Athletic trainers affiliated credentialing board under subch. VI of ch. 448.
- (bu) Occupational therapists affiliated credentialing board under subch. VII of ch. 448.
- (c) Optometry examining board under ch. 449.
- (d) Pharmacy examining board under ch. 450.
- (e) Psychology examining board under ch. 455.
- (f) Marriage and family therapy, professional counseling, and social work examining board under ch. 457.
- (g) Hearing and speech examining board under subch. II of ch. 459.

(2) "Service corporation" means a corporation organized under ss. 180.1903 to 180.1921.

History: 1989 a. 303; 1993 a. 473; 1995 a. 167; 1997 a. 75, 156, 175; 1999 a. 9, 32, 180; 2001 a. 74, 80; 2003 a. 41; 2009 a. 113, 149, 355.

180.1903 Formation of service corporation.

(1) Except as provided in sub. (1m), 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. A service corporation may own, operate, and maintain an establishment and otherwise serve the convenience of its shareholders in carrying on the particular profession, calling, or trade for which the licensure, certification, or registration of its organizers is required.

(1m) A service corporation for carrying on the profession of certified public accounting may be organized under sub. (1) if more than 50% of the shareholders are certified public accountants.

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- (2) Professional or other personal services, consultation or advice in any form may be rendered only by directors, officers, agents or employees of the service corporation who are licensed, certified or registered pursuant to statute in the field of endeavor designated in the articles of incorporation of the service corporation.
 - (3) Liability may not accrue to a service corporation or its shareholders solely as a result of a decision to organize under sub. (1) or solely as a result of a decision to include or exclude a category of health care professionals as eligible to become shareholders of the service corporation.
 - (4) Each health care professional, other than a physician or nurse anesthetist, who is a shareholder of a service corporation and who has the authority to provide health care services that are not under the direction and supervision of a physician or nurse anesthetist shall carry malpractice insurance that provides coverage of not less than the amounts established under s. 655.23 (4).

History: 1989 a. 303; 1993 a. 473; 2001 a. 16.

180.1911 Participants; conflict of interest.

- (1) Except as provided in ss. 180.1903 (1m) and 180.1913, each shareholder, director and officer of a service corporation must at all times be licensed, certified or registered by a state agency in the same field of endeavor or be a health care professional. An individual who is not so licensed, certified or registered may not have any part in the ownership or control of the service corporation, except that the nonparticipant spouse of a married individual has the rights of ownership provided under ch. 766. A proxy to vote any shares of the service corporation may not be given to a person who is not so licensed, certified or registered.
- (2) If any shareholder, director, officer or employee of a service corporation becomes legally disqualified to render professional or other personal services, consultation or advice within this state for which he or she was licensed, certified or registered, or accepts employment or is elected to a public office which by law places restrictions or limitations upon his or her rendering of the services for which he or she was licensed, certified or registered, he or she shall immediately sever all employment with, and financial interest in, the service corporation. A service corporation's failure to require prompt compliance with this subsection is a ground for the suspension or forfeiture of its franchise.

History: 1989 a. 303; 1993 a. 473; 2005 a. 215.

See: <https://docs.legis.wisconsin.gov/statutes/statutes/180/XIX/1901/1m>

28. California

California is another state that enacted a new law fairly recently, to allow for ownership interests in integrated practices. This is all the more remarkable because California is usually known for its robust defense of the state's corporate practice of medicine doctrine. In 2014, however, a California measure went into effect that allows licensed professionals to form partnerships and professional corporations for the delivery of medical and other professional services. [Juniper K, Leone AM. **The Business of Health Care: Navigating the Corporate Practice of Medicine Doctrine.** Physicians and Hospitals Law Institute, Las Vegas, NV, Feb 2-4, 2015.]

Enacted in 2013, Assembly Bill 1000 was signed into law as Chapter 620 of the Laws of 2013. [See: https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB1000] Assembly Bill 1000 amended the state's "Moscone-Knox Professional Corporation Act" which provided for the organization of a corporation under certain existing state law for the purposes of qualifying as a professional corporation under that act and rendering professional services. The act authorizes specified healing arts practitioners to be shareholders, officers, directors, or professional employees of a designated professional corporation, subject to certain limitations relating to ownership of shares." [See: Chapter 620 Legislative Counsel's Digest (2013) https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB1000] Chapter 620 authorized "any person duly licensed under the Business and Professions Code, the Chiropractic Act, or the Osteopathic Act to be employed to render professional services by a professional corporation." [See: California Legislature. Chapter 620 Legislative Counsel's Digest (2013). https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB1000. See also: Moscone-Knox Professional Corporation Act, California Corporations Code § 13401.5 accessed Jan 27, 2016 at: <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=corp&group=13001-14000&file=13400-13410>]

California CORPORATIONS CODE SECTION 13400-13410

13400. This part shall be known and may be cited as the "Moscone-Knox Professional Corporation Act."

13401. As used in this part:

- (a) "Professional services" means any type of professional services that may be lawfully rendered only pursuant to a license, certification, or registration authorized by the Business and Professions Code, the Chiropractic Act, or the Osteopathic Act.
- (b) "Professional corporation" means a corporation organized under the General Corporation Law or pursuant to subdivision (b) of Section 13406 that is engaged in rendering professional services in a single profession, except as otherwise authorized in Section 13401.5, pursuant to a certificate of registration issued by the governmental agency regulating the profession as herein provided and that in its practice or business designates itself as a professional or other corporation as may be required by statute. However, any professional corporation or foreign professional corporation rendering professional services by persons duly licensed by the Medical Board of California or any examining committee under the jurisdiction of the board, the Osteopathic Medical Board of California, the Dental Board of California, the Dental Hygiene Committee of California, the California State Board of Pharmacy, the Veterinary Medical Board, the California Architects Board, the Court Reporters Board of California, the Board of Behavioral Sciences, the Speech-Language Pathology and Audiology Board, the Board of Registered Nursing, or the State Board of Optometry shall not be required to obtain a certificate of registration in order to render those professional services.
- (c) "Foreign professional corporation" means a corporation organized under the laws of a state of the United States other than this state that is engaged in a profession of a type for which there is authorization in the Business and Professions Code for the performance of professional services by a foreign professional corporation.
- (d) "Licensed person" means any natural person who is duly licensed under the provisions of the Business and Professions Code, the Chiropractic Act, or the Osteopathic Act to render the same professional services as are or will be rendered by the professional corporation or foreign professional corporation of which he or she is, or intends to become, an officer, director, shareholder, or employee.
- (e) "Disqualified person" means a licensed person who for any reason becomes legally disqualified (temporarily or permanently) to render the professional services that the particular professional corporation or foreign professional corporation of which he or she is an officer, director, shareholder, or employee is or was rendering.

13401.3. As used in this part, "professional services" also means any type of professional services that may be lawfully rendered only pursuant to a license, certification, or registration authorized by the Yacht and Ship Brokers Act (Article 2 (commencing with Section 700) of Chapter 5 of Division 3 of the Harbors and Navigation Code).

13401.5. Notwithstanding subdivision (d) of Section 13401 and any other provision of law, the following licensed persons may be shareholders, officers, directors, or professional employees of the professional corporations designated in this section so long as the sum of all shares owned by those licensed persons does not exceed 49 percent of the total number of shares of the professional corporation so designated herein, and so long as the number of those licensed persons owning shares in the professional corporation so designated herein does not exceed the number of persons licensed by the governmental agency regulating the designated professional corporation. This section does not limit employment by a professional corporation designated in this section to only those licensed professionals listed under each subdivision. Any person duly licensed under Division 2 (commencing with Section 500) of the Business and Professions Code, the Chiropractic Act, or the Osteopathic Act may be employed to render professional services by a professional corporation designated in this section.

- (a) Medical corporation.
 - (1) Licensed doctors of podiatric medicine.
 - (2) Licensed psychologists.
 - (3) Registered nurses.
 - (4) Licensed optometrists.
 - (5) Licensed marriage and family therapists.
 - (6) Licensed clinical social workers.
 - (7) Licensed physician assistants.
 - (8) Licensed chiropractors.
 - (9) Licensed acupuncturists.
 - (10) Naturopathic doctors.
 - (11) Licensed professional clinical counselors.
 - (12) Licensed physical therapists.
- (b) Podiatric medical corporation.
 - (1) Licensed physicians and surgeons.
 - (2) Licensed psychologists.

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- (3) Registered nurses.
 - (4) Licensed optometrists.
 - (5) Licensed chiropractors.
 - (6) Licensed acupuncturists.
 - (7) Naturopathic doctors.
 - (8) Licensed physical therapists.
 - (c) Psychological corporation.
 - (1) Licensed physicians and surgeons.
 - (2) Licensed doctors of podiatric medicine.
 - (3) Registered nurses.
 - (4) Licensed optometrists.
 - (5) Licensed marriage and family therapists.
 - (6) Licensed clinical social workers.
 - (7) Licensed chiropractors.
 - (8) Licensed acupuncturists.
 - (9) Naturopathic doctors.
 - (10) Licensed professional clinical counselors.
 - (d) Speech-language pathology corporation.
 - (1) Licensed audiologists.
 - (e) Audiology corporation.
 - (1) Licensed speech-language pathologists.
 - (f) Nursing corporation.
 - (1) Licensed physicians and surgeons.
 - (2) Licensed doctors of podiatric medicine.
 - (3) Licensed psychologists.
 - (4) Licensed optometrists.
 - (5) Licensed marriage and family therapists.
 - (6) Licensed clinical social workers.
 - (7) Licensed physician assistants.
 - (8) Licensed chiropractors.
 - (9) Licensed acupuncturists.
 - (10) Naturopathic doctors.
 - (11) Licensed professional clinical counselors.
 - (g) Marriage and family therapist corporation.
 - (1) Licensed physicians and surgeons.
 - (2) Licensed psychologists.
 - (3) Licensed clinical social workers.
 - (4) Registered nurses.
 - (5) Licensed chiropractors.
 - (6) Licensed acupuncturists.
 - (7) Naturopathic doctors.
 - (8) Licensed professional clinical counselors.
 - (h) Licensed clinical social worker corporation.
 - (1) Licensed physicians and surgeons.
 - (2) Licensed psychologists.
 - (3) Licensed marriage and family therapists.
 - (4) Registered nurses.
 - (5) Licensed chiropractors.
 - (6) Licensed acupuncturists.
 - (7) Naturopathic doctors.
 - (8) Licensed professional clinical counselors.
 - (i) Physician assistants corporation.
 - (1) Licensed physicians and surgeons.
 - (2) Registered nurses.
 - (3) Licensed acupuncturists.
 - (4) Naturopathic doctors.
 - (j) Optometric corporation.
 - (1) Licensed physicians and surgeons.

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- (2) Licensed doctors of podiatric medicine.
 - (3) Licensed psychologists.
 - (4) Registered nurses.
 - (5) Licensed chiropractors.
 - (6) Licensed acupuncturists.
 - (7) Naturopathic doctors.
 - (k) Chiropractic corporation.
 - (1) Licensed physicians and surgeons.
 - (2) Licensed doctors of podiatric medicine.
 - (3) Licensed psychologists.
 - (4) Registered nurses.
 - (5) Licensed optometrists.
 - (6) Licensed marriage and family therapists.
 - (7) Licensed clinical social workers.
 - (8) Licensed acupuncturists.
 - (9) Naturopathic doctors.
 - (10) Licensed professional clinical counselors.
 - (l) Acupuncture corporation.
 - (1) Licensed physicians and surgeons.
 - (2) Licensed doctors of podiatric medicine.
 - (3) Licensed psychologists.
 - (4) Registered nurses.
 - (5) Licensed optometrists.
 - (6) Licensed marriage and family therapists.
 - (7) Licensed clinical social workers.
 - (8) Licensed physician assistants.
 - (9) Licensed chiropractors.
 - (10) Naturopathic doctors.
 - (11) Licensed professional clinical counselors.
 - (m) Naturopathic doctor corporation.
 - (1) Licensed physicians and surgeons.
 - (2) Licensed psychologists.
 - (3) Registered nurses.
 - (4) Licensed physician assistants.
 - (5) Licensed chiropractors.
 - (6) Licensed acupuncturists.
 - (7) Licensed physical therapists.
 - (8) Licensed doctors of podiatric medicine.
 - (9) Licensed marriage and family therapists.
 - (10) Licensed clinical social workers.
 - (11) Licensed optometrists.
 - (12) Licensed professional clinical counselors.
 - (n) Dental corporation.
 - (1) Licensed physicians and surgeons.
 - (2) Dental assistants.
 - (3) Registered dental assistants.
 - (4) Registered dental assistants in extended functions.
 - (5) Registered dental hygienists.
 - (6) Registered dental hygienists in extended functions.
 - (7) Registered dental hygienists in alternative practice.
 - (o) Professional clinical counselor corporation.
 - (1) Licensed physicians and surgeons.
 - (2) Licensed psychologists.
 - (3) Licensed clinical social workers.
 - (4) Licensed marriage and family therapists.
 - (5) Registered nurses.
 - (6) Licensed chiropractors.
 - (7) Licensed acupuncturists.

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- (8) Naturopathic doctors.
 - (p) Physical therapy corporation.
 - (1) Licensed physicians and surgeons.
 - (2) Licensed doctors of podiatric medicine.
 - (3) Licensed acupuncturists.
 - (4) Naturopathic doctors.
 - (5) Licensed occupational therapists.
 - (6) Licensed speech-language therapists.
 - (7) Licensed audiologists.
 - (8) Registered nurses.
 - (9) Licensed psychologists.
 - (10) Licensed physician assistants.
 - (q) Registered dental hygienist in alternative practice corporation.
 - (1) Registered dental assistants.
 - (2) Licensed dentists.
 - (3) Registered dental hygienists.
 - (4) Registered dental hygienists in extended functions.

29. The is medicine with a capital M. Some in the health care industry however maintain that all health care professionals are medical practitioners practicing medicine (with a small m) of one sort or another. In many states, chiropractors are included within the state definition of "physician." See, for example, Florida, Illinois, Oklahoma, Rhode Island. And in Florida, chiropractors practice "chiropractic medicine."