

## C-5 Corporate Practice of Medicine

Sponsored by: Kay Funk, MD, Yakima County Medical Society

WHEREAS, the Corporate Practice of Medicine (CPM) has long been a concern in public policy regulating quality of patient care, because the responsibility and liability for the practice of medicine ultimately falls to the licensed physician. The CPM “*doctrine*”

*“is based on state medical practice acts, which are statutes that list the qualifications needed to obtain a license to practice medicine, and prohibit anyone without a valid license from practicing medicine.”*

*“Limitations on the rights, privileges, and powers of corporate and other artificial entities are intended to prevent unlicensed persons from interfering with or influencing the physician’s professional judgment. The reasoning behind this intention is that corporations cannot have the training, education, and personal characteristics that are needed to receive a medical license. In addition, corporations are unable to develop the relationship of trust and confidence that is necessary for the relationship between a professional and patient or client...Establishing medicine as a profession is central to the prohibition on the corporate practice of medicine because of the requirements for physician licensure. States’ medical practice acts require physicians to meet high standards of training and character in order to obtain licenses to practice medicine. Corporations cannot receive medical training and do not possess human qualities such as character and judgment, and therefore may not be licensed to practice medicine.”<sup>1</sup> And,*

WHEREAS, over the past 20 years, we have seen medicine shift from autonomous physician organizations to employment within corporate control. We do not have much evidence that patient care or cost effectiveness has improved. We do know that physician unhappiness and “burnout” have increased. And,

WHEREAS, in the 2017 Washington legislature, **SB 5322 Concerning agreements between dentists and third parties that provide supportive services to dentists**, (Sen. Curtis King; R, Yakima) passed **UNANIMOUSLY** in both houses, indicating that our legislators have a strong concern for protecting the public from conflict of interest inherent in corporate practice controlled by unlicensed individuals.<sup>2</sup> And,

WHEREAS, the bill was signed into law by Governor Jay Inslee on May 26, 2017, RCW 18.32 regulating Dentistry.<sup>3</sup> The new law covers multiple specifics relevant to practice of medicine, prohibiting limiting the length of time a dentist spends with a patient, placing conditions on the number of patients a dentist must treat in a certain period of time, limiting the decisions of a dentist regarding a course of treatment, and others. The new law also clarifies that potential liability for patient abandonment rests with the licensed individual alone, prohibiting interference by unlicensed third parties. And,

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<sup>1</sup> **The Corporate Practice of Medicine Doctrine**, Allegra Kim, for the California State Assembly Commission. on Health, October, 2007.

<https://docplayer.net/9712293-The-corporate-practice-of-medicine-doctrine.html>

<sup>2</sup> [<http://app.leg.wa.gov/billsummary?BillNumber=5322&Year=2017>]

<sup>3</sup> <http://lawfilesexxt.leg.wa.gov/biennium/2017-18/Pdf/Bills/Session%20Law/s/Senate/5322-S.SL.pdf>

WHEREAS, by statute, all corporate practice of learned (licensed) professions is prohibited in the state of Washington, though an exception has long been carved out for hospitals as “professional service providers”. However, this new law makes clear that the wise intention of the legislature is to limit authority for supervision (“practice interference”) of licensed professionals only to other licensed individuals. By extension, potential liability stemming from practice interference passes to a licensed hospital medical director, but cannot be passed to an unlicensed administrator, whose interference would be unlawful. Therefore, be it ...

RESOLVED, the WSMA will write, and find legislative sponsors to introduce into the 2019 Washington Legislature, a Corporate Practice of Medicine bill with protections comparable to **SB 5322 Concerning agreements between dentists and third parties that provide supportive services to dentists.** [Directive to Take Action] And be it further...

RESOLVED, the WSMA legislative advocacy staff will consult with the Washington State Dental Association on their path to success. [Directive to Take Action]

# WSMA 2017 House of Delegates Actions

## RESOLUTIONS

### **C-1 – Corporate Practice of Medicine (REFERRED)**

RESOLVED, that the WSMA write and find legislative sponsors to introduce into the 2018 Washington Legislature a Corporate Practice of Medicine bill with protections comparable to Senate Bill 5322 “Concerning agreements between dentists and third parties that provide supportive services to dentists” (Directive to Take Action); and BE IT FURTHER RESOLVED, that the WSMA’s legislative advocacy staff consult with the Washington State Dental Association on their path to success. (Directive to Take Action)