I would like to focus on one of the principles of CAL/AAEM and AAEM: prohibition of the corporate practice of medicine.

The corporate practice of medicine occurs when a lay corporation practices medicine or employs a physician to do so and profits from the physician’s professional fees. In many states, statutes exist to prevent the corporate practice of medicine. The justification for these laws is rooted in the concept that a physician-corporation relationship “tends to the commercialization and debasement of those professions” (Barton v. Codiington Country, 2 N.W. 2d 337, 343 (S.D. 1942)). Lay ownership of healthcare entities is generally prohibited by corporate-practice-of-medicine laws. These laws protect the doctor-patient relationship.

In California, the corporate practice of medicine is addressed in the Medical Practice Act, Business and Professions Code section 2052. The goal of these regulations is preventing unlicensed entities from interfering with or influencing a physician’s medical judgment. California law prohibits the ownership or operation of a business that provides patient evaluation, diagnosis, or treatment by a non-physician. It also prohibits management service organizations from arranging for, advertising, or providing medical services, only allowing them to provide administrative staff and services for a physician’s medical practice.
These laws are tested continuously by those trying to profit from the work of physicians.

The Tennessee state chapter of AAEM (TNAAEM) recently engaged in a new fight against the corporate practice of medicine. In Tennessee, HCA, the world’s largest hospital chain, has entered into a joint venture with EmCare to employ emergency physicians. This puts a partially-owned subsidiary of HCA in the position of employing physicians, possibly violating laws against the corporate practice of medicine and an unusual Tennessee law that specifically prohibits nonacademic hospitals or their “affiliates” from employing emergency physicians.

AAEM works diligently to protect the rights of physicians to practice medicine unencumbered by corporate influence and to protect the specialty of emergency medicine. As I wish you the best for the new year, I encourage you to renew your commitment to the principles of AAEM. In particular, be vigilant regarding threats to the doctor-patient relationship and a fair and equitable work environment, including the corporate practice of medicine.

Sincerely,

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