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AAEM-PG Files Suit Against Envision Healthcare Alleging the Illegal Corporate Practice of Medicine in California

MILWAUKEE — The American Academy of Emergency Medicine Physician Group (AAEM-PG) filed suit in the Superior Court of California against Envision Healthcare Corporation. AAEM-PG is responding to the takeover of an emergency department contract at Placentia Linda Hospital, part of the Tenet system.

AAEM-PG alleges that Envision, as a lay entity owned by the private equity firm Kravis, Kohlberg and Roberts, is in violation of the CA prohibitions on lay ownership of medical practices as embodied in the Business and Professions Code §§ 2400 and 2052.

Issues at stake include lay influence over the patient-physician relationship, as well as control of the fees charged, prohibited remuneration for referrals, and unfair restraint of the practice of a profession. AAEM-PG and its parent organization, the American Academy of Emergency Medicine, believes this arrangement is not in the public interest.

AAEM advocates that physician groups comprised of local physician owners provide the highest level of care and are most invested in the long-term success of their hospital partners and community.

“A physician’s first duty is to the patient,” says AAEM-PG Chief Medical Officer, Robert McNamara, MD. “This duty is heightened in the emergency department where physicians care for society’s most vulnerable patients. Corporations who owe their first duty to the investors have no place at the bedside. Doctors must be free to treat each patient without the pressure to maximize profits.”

AAEM President Lisa A. Moreno, MD MS MSCR FAAEM FIFEM adds: “Emergency department patients are the most vulnerable patients. Either they are experiencing the sudden onset of frightening symptoms and present with an as yet undiagnosed illness, or they are presenting with exacerbation of known illness secondary to lack of access to primary care, inability to afford medications, lack of insurance or lower health literacy. Such patients deserve treatment by a board certified emergency physician whose fiduciary duty is to place the patient’s medical needs above all else, and not by a private equity or lay corporation whose fiduciary duty is to place profit before the patient. The AAEM Mission Statement clearly defines the right of every patient with an emergency condition to be treated by a board certified emergency physician and further endorses the fact that every medical team must be led by a board certified physician and not by a private equity or lay corporation. These entities have no role in the care of the emergency patient, nor do they have the right to intrude upon the sanctity of the physician-patient relationship. For them to do so is unjust and unsafe for the patient population.”

San Francisco lawyer David Millstein, who represents AAEM-PG in the suit, said: “This suit seeks to end Envision’s illegal corporate practice of Medicine in the State of California. It requests the Court to prevent Envision from using captive medical groups, restrictive covenants in physician contracts, payment of consideration to acquire ED contracts, control over staffing, billing and payor contracts and similar practices which violate California’s Corporate Practice of Medicine prohibition as well as other laws.”

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The American Academy of Emergency Medicine (AAEM) is the specialty society of emergency medicine and the champion of the emergency physician. AAEM was established in 1993 to promote fair and equitable practice environments necessary to allow emergency physicians to deliver the highest quality of patient care. Our guiding values are embodied in our [mission statement](#) and [vision statement](#).

AAEM-PG provides support to independent democratic emergency physician groups – our member groups retain full ownership of their practices. Profits are re-invested into the group (competing national groups typically spend 20-40% of revenues on corporate overhead and profit). AAEM-PG can also assist in the formation of new emergency medicine groups.