

Action Report

Medical Board of California

(From October 2004 Issue Vol 91 Page 3)

The Business of Medicine

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The board receives a significant number of complaints alleging corporate practice of medicine, aiding/abetting unlicensed practice of medicine, improper ownership of a clinic, fee splitting and various related issues where physicians are engaging in business practices which are in violation of the Medical Practice Act.

While medicine is constantly evolving and new trends may seem more lucrative, physicians should carefully assess any business venture before entering it.

Some unscrupulous non-physicians have preyed upon physicians who are unfamiliar with the complexities of a business, its corporate structure or the corresponding law, then find themselves responding to board inquiries regarding a practice they know little or nothing about.

Therefore, physicians are strongly encouraged to seek private professional legal advice before engaging in any

business endeavor that involves the practice of medicine.

In most situations it is not appropriate for a physician to be hired by a non-physician. This is illegal. Some physicians believe they can be hired by a layperson as a medical director. This is also illegal.

Many complaints to the board involve small storefront clinics, where a non-physician has purchased an office and the associated medical equipment.

The missing item is a physician with an active license. In this situation, physicians are recruited and paid an hourly wage or salary and may believe that their recruitment was conducted on behalf of a legitimate medical corporation, which does not exist.

When hired into any medical practice, physicians should confirm the owner is a physician or the business is a legitimate medical corporation.