

AMERICAN MEDICAL ASSOCIATION PRIVATE PRACTICE PHYSICIAN SECTION

Resolution: 1
(I-23)

Introduced by: Vicki Norton, MD, FAAEM
Subject: Corporate Practice of Medicine Prohibition
Referred to: PPPS Reference Committee
(, MD, Chair)

1 Whereas, A majority of physicians are employed with no ownership in their practice (74 percent
2 of 2022¹); and
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4 Whereas, This lack of physician ownership, especially in the setting of private equity ownership,
5 leads to a prioritization of profits over quality patient care due to understaffing, replacement of
6 physicians with non-physician practitioners and an inflation of costs to the patients as seen with
7 increases in out-of-network charges and “surprise billing”⁽²⁻⁴⁾; and
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9 Whereas, The corporate practice of medicine (CPOM) doctrine is a legal prohibition that exists
10 in many states to keep the business interest out of the physician-patient relationship, specifically
11 prohibits the ownership and operation of medical groups or practices by laypersons; and
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13 Whereas, The CPOM prohibition has as its main purpose the protection of patients and the
14 avoidance of the commercialization of the practice of medicine; and
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16 Whereas, Private equity ownership and corporate practice of medicine constitutes a financial
17 conflict of interest that harms the physician-patient relationship and the quality of healthcare;
18 and
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20 Whereas, Our American Medical Association policy Corporate Practice of Medicine (H-215.981)
21 states that “1. Our AMA vigorously opposes any effort to pass federal legislation preempting
22 state laws prohibiting the corporate practice of medicine;” and
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24 Whereas, The COPM doctrine prohibiting or restricting layperson ownership is law in 33 states,
25 however it is poorly enforced and even in states with strong COPM laws the law is skirted^(5,6);
26 and
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28 Whereas, Our AMA policy Corporate Practice of Medicine acknowledges the potential erosion of
29 the physician-patient relationship and conflict of interest in training environments corporate
30 practice of medicine imposes; therefore be it
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32 Resolved, That our American Medical Association amend policy H-215.981, Corporate Practice
33 of Medicine, by deletion and substitution to read as follows:
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- 35 1. Our AMA ~~vigorously opposes any effort to pass~~ will seek federal legislation to
36 ~~preempting state laws~~ prohibiting the corporate practice of medicine by limiting
37 ownership of physician medical practices to physicians or physician-owned groups
38 only.

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2. At the request of state medical associations, our AMA will provide guidance, consultation, and model legislation regarding the corporate practice of medicine, to ensure the autonomy of hospital medical staffs, employed physicians in non-hospital settings, and physicians contracting with corporately-owned management service organizations.
 3. Our AMA will continue to monitor the evolving corporate practice of medicine with respect to its effect on the patient-physician relationship, financial conflicts of interest, patient-centered care and other relevant issues
- (Directive to Take Action).

Fiscal Note: TBD

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References:

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3. Borsa, A, et al. Evaluating trends in private equity ownership and impacts on health outcomes, costs, and quality: systematic review. BMJ 2023; 382. <https://www.bmj.com/content/382/bmj-2023-075244>
4. Bruch, J, et al. Workforce Composition In Private Equity-Acquired Versus Non-Private Equity-Acquired Physician Practices. Health Affairs 2023 42:1, 121-129
5. AAEM PG v. Envision Healthcare. <https://khn.org/wp-content/uploads/sites/2/2022/12/First-Amended-Complaint.pdf>
6. Zhu, J, et al. A Doctrine in Name Only - Strengthening Prohibitions against the Corporate Practice of Medicine. Massachusetts Medical Society, NEJM Sep 2023, 389:11, 965-968. <https://doi.org/10.1056/NEJMp2306904>

RELEVANT AMA POLICY

Corporate Practice of Medicine H-160.887

Our AMA acknowledges that the corporate practice of medicine: (1) has the potential to erode the patient-physician relationship; and (2) may create a conflict of interest between profit and best practices in residency and fellowship training.

Citation: CMS Rep. 2, I-22

Corporate Practice of Medicine H-215.981

1. Our AMA vigorously opposes any effort to pass federal legislation preempting state laws prohibiting the corporate practice of medicine.
2. At the request of state medical associations, our AMA will provide guidance, consultation, and model legislation regarding the corporate practice of medicine, to ensure the autonomy of hospital medical staffs, employed physicians in non-hospital settings, and physicians contracting with corporately-owned management service organizations.
3. Our AMA will continue to monitor the evolving corporate practice of medicine with respect to its effect on the patient-physician relationship, financial conflicts of interest, patient-centered care and other relevant issues.

Citation: Res. 247, A-91; Reaffirmed: Sunset Report, I-01; Reaffirmed: CMS Rep. 7, A-11;
Modified: CMS Rep. 6, I-13