Whereas, A majority of physicians are employed with no ownership in their practice (74 percent of 2022); and

Whereas, This lack of physician ownership, especially in the setting of private equity ownership, leads to a prioritization of profits over quality patient care due to understaffing, replacement of physicians with non-physician practitioners and an inflation of costs to the patients as seen with increases in out-of-network charges and “surprise billing”(2-4); and

Whereas, The corporate practice of medicine (CPOM) doctrine is a legal prohibition that exists in many states to keep the business interest out of the physician-patient relationship, specifically prohibits the ownership and operation of medical groups or practices by laypersons; and

Whereas, The CPOM prohibition has as its main purpose the protection of patients and the avoidance of the commercialization of the practice of medicine; and

Whereas, Private equity ownership and corporate practice of medicine constitutes a financial conflict of interest that harms the physician-patient relationship and the quality of healthcare; and

Whereas, Our American Medical Association policy Corporate Practice of Medicine (H-215.981) states that “1. Our AMA vigorously opposes any effort to pass federal legislation preempting state laws prohibiting the corporate practice of medicine;” and

Whereas, The COPM doctrine prohibiting or restricting layperson ownership is law in 33 states, however it is poorly enforced and even in states with strong COPM laws the law is skirted(6); and

Whereas, Our AMA policy Corporate Practice of Medicine acknowledges the potential erosion of the physician-patient relationship and conflict of interest in training environments corporate practice of medicine imposes; therefore be it

Resolved, That our American Medical Association amend policy H-215.981, Corporate Practice of Medicine, by deletion and substitution to read as follows:

1. Our AMA vigorously opposes any effort to pass federal legislation to preempting state laws prohibiting the corporate practice of medicine by limiting ownership of physician medical practices to physicians or physician-owned groups only.
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

Received: 9/25/2023

References:


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