



State Medical Board of Ohio

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Statement of the State Medical Board of Ohio on the Corporate Practice of Medicine

March 15, 2012

The purpose of this Statement is to clarify that Ohio law does not prohibit an Ohio licensed physician from rendering medical services as an employee of a corporation or any other form of business entity.

Effective April 10, 1998, Section 4731.226 of the Ohio Revised Code [O.R.C.] (“Authorized Forms of Business Entities for Providing Services”) provides, in part:

(A)(1) An individual whom the state medical board licenses, certificates, or otherwise legally authorizes to engage in the practice of medicine and surgery, osteopathic medicine and surgery, or podiatric medicine and surgery may render the professional services of a doctor of medicine and surgery, osteopathic medicine and surgery, or podiatric medicine and surgery within this state through a corporation formed under division (B) of section 1701.03 of the Revised Code, a limited liability company formed under Chapter 1705. of the Revised Code, a partnership, or a professional association formed under Chapter 1785. of the Revised Code. Division (A)(1) of this section does not preclude an individual of that nature from rendering professional services as a doctor of medicine and surgery, osteopathic medicine and surgery, or podiatric medicine and surgery through another form of business entity, including, but not limited to, a nonprofit corporation or foundation, or in another manner that is authorized by or in accordance with this chapter, another chapter of the Revised Code, or rules of the state medical board adopted pursuant to this chapter.

Accordingly, an Ohio licensed doctor of medicine and surgery, osteopathic medicine and surgery, or podiatric medicine and surgery may provide medical services through any of the following:

- A corporation formed under Section 1701.03, O.R.C.;
- A limited liability company formed under Section 1705, O.R.C.;
- A partnership;
- A professional association formed under Chapter 1785, O.R.C.;
- Another form of business entity, including, but not limited to any of the following:
 - A nonprofit corporation or foundation;

- Any other manner authorized by or in accordance with any Ohio law.

Other relevant provisions of the Ohio Revised Code include the following:

- Section 1701.03, O.R.C. (“Purposes of Corporation”), authorizes a professional corporation to be formed for the purposes of providing a combination of professional services by appropriately licensed persons, including those of optometrists, chiropractors, psychologists, registered or licensed practical nurses, pharmacists, physical therapists, mechanotherapists, and doctors of medicine and surgery, osteopathic medicine and surgery, or podiatric medicine and surgery licensed under Chapter 4731, O.R.C. However, the corporation shall not control the professional clinical judgment of the doctor of medicine and surgery, osteopathic medicine and surgery, or podiatric medicine and surgery when rendering care, treatment, or professional advice to a patient.
- Section 1705.03, O.R.C. (“Authority of Limited Liability Company”), provides that a limited liability company may render professional service(s), including a combination of services, provided by the following when appropriately licensed in Ohio: architects, professional engineers and professional surveyors, optometrists, chiropractors, psychologists, registered or licensed practical nurses, pharmacists, physical therapists, occupational therapists, mechanotherapists, and doctors of medicine and surgery, osteopathic medicine and surgery, or podiatric medicine and surgery licensed under Chapter 4731, O.R.C.
- Section 1785.03, O.R.C., which authorizes the formation of a professional association, requires the professional services be rendered only through officers, employees, and agents who are themselves duly licensed, certificated, or otherwise legally authorized to render the professional service within Ohio. When medical services are rendered through a professional association, ownership of the entity is limited to the licensed professionals who will be rendering professional services.

The State Medical Board of Ohio is aware of older Ohio Attorney General Opinions relating to the corporate practice of medicine (1952 Ohio Atty. Gen. Op. No. 52-1751; 1962 Ohio Atty. Gen. Op. 62-3197), and a 1936 Ohio Supreme Court case, (*State ex rel. Bricker v. Buhl Optical Co.*, (1936) 131 Ohio St. 217, 2 N.E.2d 601). However, these all predate the 1998 legislative revisions referenced above. By the clear language of the 1998 statutes, professionals licensed under Chapter 4731, O.R.C., may be employed by a number of business entities.

Please note, however, the Section 4729.552(B)(1), O.R.C., requires that a pain management clinic, as that term is defined in Section 4731.052, O.R.C., be owned by one or more doctors of medicine and surgery or osteopathic medicine and surgery licensed under Chapter 4731, O.R.C.

The Ohio legislature has made it clear that the corporate practice of medicine doctrine no longer exists in Ohio. No matter the business entity, a physician must exercise professional judgment to render medical services based on the best interest of the patient and within the minimal standards of care of similar practitioners under the same or similar circumstance.

In this statement the Medical Board does not announce a new rule but instead gives licensees specific guidance regarding the Medical Practice Act, Chapter 4731, Ohio Revised Code.

Approved: March 15, 2012