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HOUSE BILL 2867

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State of Washington

55th Legislature

1998 Regular Session

By Representative Dyer

Read first time 01/21/98. Referred to Committee on Health Care.

1 AN ACT Relating to the corporate practice of medicine; and adding  
2 new sections to chapter 18.100 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** (1) The legislature finds and declares that  
5 the corporate practice of medicine doctrine, articulated in early court  
6 holdings in this state, has become outdated by the fundamental changes  
7 occurring in the health care delivery system throughout the nation and  
8 in this state. The ban on the corporate practice of medicine by the  
9 courts operates as an impediment to innovative practice arrangements  
10 and organizational configurations affecting physicians and other health  
11 care practitioners in the evolving health care market. The doctrine  
12 unduly restricts the ability of corporations to employ physicians and  
13 other health care providers, limits the ownership of physician  
14 practices, and affects the profits derived from the practices of  
15 licensed health care providers. This doctrine has already been eroded  
16 by law and in practice. It is the intent of the legislature therefore  
17 to abrogate the corporate practice of medicine doctrine to allow for  
18 the development of flexible and appropriate organizational structures  
19 that best serve the interests and needs of the public health, including

1 access by patients to necessary health services. The provisions of  
2 this chapter are to be liberally construed to effectuate these stated  
3 purposes.

4 (2) Nothing in this chapter shall operate to relieve health care  
5 providers from their professional responsibilities as provided in law  
6 nor affect their obligations to comply with laws addressing fraud.

7 NEW SECTION. **Sec. 2.** (1) The corporate practice of medicine  
8 doctrine as it applies to health care providers, other than dentists,  
9 veterinarians, or hospitals licensed pursuant to chapters 18.32, 18.92,  
10 and 70.41 RCW respectively, is hereby abrogated, and health care  
11 providers may form and use any type of business organization permitted  
12 by law.

13 (2) A professional service corporation, professional limited  
14 liability company, or professional limited liability partnership may  
15 convert to a business corporation, limited liability company, or  
16 limited liability partnership by amending its articles of  
17 incorporation, certificate of formation, or other basic business  
18 organizational charter or document, and file the amendment with the  
19 secretary of state in accordance with law.

20 NEW SECTION. **Sec. 3.** Sections 1 and 2 of this act are each added  
21 to chapter 18.100 RCW.

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