

ASSEMBLY BILL

No. 2024

**Introduced by Assembly Member Wood
(Coauthors: Assembly Members Bigelow, Dahle, Gallagher, and
Oberholte)**

February 16, 2016

An act to amend Section 2401 of the Business and Professions Code, relating to healing arts.

LEGISLATIVE COUNSEL'S DIGEST

AB 2024, as introduced, Wood. Critical access hospitals: employment.

Existing law, the Medical Practice Act, restricts the employment of physicians and surgeons and doctors of podiatric medicine by a corporation or other artificial legal entity to entities that do not charge for professional services rendered to patients and are approved by the Medical Board of California, subject to specified exemptions.

This bill would authorize a federally certified critical access hospital to employ those medical professionals and charge for professional services rendered by those medical professionals, and would prohibit the critical access hospital from directing or interfering with the professional judgment of a physician and surgeon, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 2401 of the Business and Professions
- 2 Code is amended to read:

1 2401. (a) Notwithstanding Section 2400, a clinic operated
2 primarily for the purpose of medical education by a public or
3 private nonprofit university medical school, which is approved by
4 the board or the Osteopathic Medical Board of California, may
5 charge for professional services rendered to teaching patients by
6 licensees who hold academic appointments on the faculty of the
7 university, if the charges are approved by the physician and surgeon
8 in whose name the charges are made.

9 (b) Notwithstanding Section 2400, a clinic operated under
10 subdivision (p) of Section 1206 of the Health and Safety Code
11 may employ licensees and charge for professional services rendered
12 by those licensees. However, the clinic shall not interfere with,
13 control, or otherwise direct the professional judgment of a
14 physician and surgeon in a manner prohibited by Section 2400 or
15 any other ~~provision of law.~~

16 (c) Notwithstanding Section 2400, a narcotic treatment program
17 operated under Section 11876 of the Health and Safety Code and
18 regulated by the State Department of Health Care Services, may
19 employ licensees and charge for professional services rendered by
20 those licensees. However, the narcotic treatment program shall
21 not interfere with, control, or otherwise direct the professional
22 judgment of a physician and surgeon in a manner prohibited by
23 Section 2400 or any other ~~provision of law.~~

24 (d) Notwithstanding Section 2400, a hospital that is owned and
25 operated by a licensed charitable organization, that offers only
26 pediatric subspecialty care, that, prior to January 1, 2013, employed
27 licensees on a salary basis, and that has not charged for professional
28 services rendered to patients may, commencing January 1, 2013,
29 charge for professional services rendered to patients, provided the
30 following conditions are met:

31 (1) The hospital does not increase the number of salaried
32 licensees by more than five licensees each year.

33 (2) The hospital does not expand its scope of services beyond
34 pediatric subspecialty care.

35 (3) The hospital accepts each patient needing its scope of
36 services regardless of his or her ability to pay, including whether
37 the patient has any form of health care coverage.

38 (4) The medical staff concur by an affirmative vote that the
39 licensee's employment is in the best interest of the communities
40 served by the hospital.

1 (5) The hospital does not interfere with, control, or otherwise
2 direct a physician and surgeon's professional judgment in a manner
3 prohibited by Section 2400 or any other ~~provision of~~ law.

4 (e) *Notwithstanding Section 2400, a federally certified critical*
5 *access hospital may employ licensees and charge for professional*
6 *services rendered by those licensees. However, the critical access*
7 *hospital shall not interfere with, control, or otherwise direct the*
8 *professional judgment of a physician and surgeon in a manner*
9 *prohibited by Section 2400 or any other law.*