

AMENDED IN ASSEMBLY APRIL 11, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

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 amended, 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~~ *bill, until January 1, 2024, would also 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. The bill would require the Legislative Analyst, on or before July 1, 2023, to provide a report to the Legislature containing data on the impact of this authorization on federally certified critical access hospitals.*

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:

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

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

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

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

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

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

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

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

7 (5) The hospital does not interfere with, control, or otherwise
8 direct a physician and surgeon's professional judgment in a manner
9 prohibited by Section 2400 or any other law.

10 (e) (1) Notwithstanding Section 2400, *until January 1, 2024*,
11 a federally certified critical access hospital may employ licensees
12 and charge for professional services rendered by those licensees.
13 However, the critical access hospital shall not interfere with,
14 control, or otherwise direct the professional judgment of a
15 physician and surgeon in a manner prohibited by Section 2400 or
16 any other law.

17 (2) *On or before July 1, 2023, the Legislative Analyst shall*
18 *provide a report to the Legislature containing data about the*
19 *impact of paragraph (1) on federally certified critical access*
20 *hospitals between January 1, 2017, and January 1, 2024, inclusive.*