

Massachusetts Corporate Practice of Medicine Regulations Finalized

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[The Massachusetts Board of Registration in Medicine](#) recently released final revised physician licensing and discipline [regulations](#), effective February 1, 2012. The final regulations mark the end of a six-year process to overhaul these regulations.

Although the disciplinary regulations generated a great deal of controversy within the physician and hospital community, the provision setting out the corporate vehicles through which physicians can practice attracted little attention. **Massachusetts is considered to be one of the states that prohibits the “corporate practice of medicine” – even though the case law upon which the corporate practice prohibition rested is over 50 years old.** Despite the acceptance of the general corporate practice prohibition in Massachusetts, it has been the common practice for nonprofit organizations and licensed entities, such as hospitals, clinics, and skilled nursing facilities, to employ physicians.

Under the Board’s final regulations, physicians may practice medicine through professional corporations, nonprofit organizations (including hospital services corporations and medical services corporation), limited liability companies or partnerships, or any similar organization organized outside of Massachusetts. The regulations further provide that nothing in the regulations shall prohibit a licensee from practicing medicine as an employee of a licensed health care facility. But it is notable that general business corporations did not make the list.

Though these final regulations set forth the corporate practice principles as articulated by the courts in Massachusetts as well as the accepted ways of structuring medical practices, it’s disappointing that general business corporations were not included in the list of permitted corporate vehicles. For profit health care companies and other providers were hopeful that general business corporations would be included since an early draft of the regulations did, in fact, permit practice through a general business corporation.

As a practical matter, the Board’s final regulations confirm that the corporate practice of medicine doctrine is alive and well in Massachusetts.

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