

## State Corporate Practice of Medicine (CPOM) Doctrines & Nonprofit Exceptions

**Key:**

- States with no CPOM doctrine **(17)**
- States with a CPOM doctrine and an exception for nonprofits **(12)**
- States with a CPOM doctrine and an exception for specific types of nonprofits **(12)**
- States with a CPOM doctrine and no nonprofit exceptions **(10)**

State	CPOM Doctrine?	Description of Nonprofit Exception
<b>Alabama</b>	No.  Ala. Att’y Gen. Op. No. 2001-089 (Feb. 1, 2001); Declaratory Ruling of the Ala. Med. Licensure Comm’n, Oct. 21, 1992).	N/A
<b>Alaska</b>	No.  Alaska Stat. § 08.64.170.	N/A
<b>Arizona</b>	Yes.  <i>Funk Jewelry Co. v. State ex rel. LaPrade</i> , 50 P.2d 945 (Ariz. 1935); <i>Midtown Med. Grp., Inc. v. State Farm Mut. Auto. Ins. Co.</i> , 206 P.3d 790 (Ariz. Ct. App. 2008).	Nonprofit corporations may engage in the practice of medicine, provided the corporation engages in the practice of medicine only through individuals licensed to practice in Arizona.  Ariz. Rev. Stat. § 10-3301.
<b>Arkansas</b>	Yes.  Ark. Code Ann. §§ 17-95-202; 4-29-309(a); Ark. Att’y Gen. Op. No. 2014-118 (Mar. 10, 2015).	Nonprofits organized as medical services corporations may contract for the services of physicians, but may not directly employ physicians.  See Ark. Code Ann. §§ 23-75-101 to 23-75-122; Ark. Att’y Gen. Op. 1994-204 (Aug. 17, 1994).
<b>California</b>	Yes.  Cal. Bus. & Prof. Code § 2400.	Any licensed charitable and eleemosynary institution, foundation, or clinic may employ physicians and surgeons so long as such institution, foundation or clinic does not require a charge for professional medical services rendered patients.  16 Cal. Code Regs. § 1340; Cal. Bus. & Prof. Code § 2400.
<b>Colorado</b>	Yes.  Colo. Rev. Stat. § 12-240-138(6)(a).	None.  Colo. Rev. Stat. § 25-3-103.7.
<b>Connecticut</b>	Yes.  Conn. Gen. Stat. § 20-9(a); Conn. Att’y Gen. Op. No. 248 (Dec. 2, 1954); Conn. Gen. Stat. §§ 33-182aa, <i>et seq.</i>	Nonprofit medical foundations are not subject to the CPOM prohibition, but the foundation members must be independent practice associations or business entities at least 60% owned and controlled by an independent practice association, a provider, or a professional services corporation/other entity.  Conn. Gen. Stat. § 33-182bb.
<b>Delaware</b>	No.  Del. Code Ann. tit. 24, §§ 1701 <i>et seq.</i>	N/A
<b>District of Columbia</b>	Yes.  D.C. Code §§ 3-1201.02(7)(A), 29-502, 29-503.	None.
<b>Florida</b>	No.  In re: Petition for Declaratory Statement of Conrad Goulet, M.D., Case No. 89-COM-01 (1989) (statement published by the Florida Board of Medicine	N/A

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	acknowledging Florida has not prohibited the corporate practice of medicine).	
<b>Georgia</b>	Yes.  <i>Sherrer v. Hale</i> , 285 S.E.2d 714 (1982); <i>Health Horizons, Inc. v State Farm Mutual Auto. Ins. Co.</i> , 521 S.E.2d 383 (1999); Ga. Comp. Med. Bd., Monthly Meeting Minutes, Executive Director's Report, para. 9 (June 7-8, 2012).	None.
<b>Hawaii</b>	No.  Haw. Rev. Stat. § 453-2; Haw. Rev. Stat. § 448-15.	N/A
<b>Idaho</b>	No.  Notes of Idaho State Bd. Of Med. Telephone Conference (Mar. 28, 2016).	N/A
<b>Illinois</b>	Yes.  225 ILCS 60/22.	None.  <i>Carter-Shields v. Alton Health Inst.</i> , 777 N.E.2d 948 (Ill. 2002) (refusing to extend the hospital exception to a charitable, nonprofit health organization).
<b>Indiana</b>	Yes.  Ind. Code §§ 25-22.5-1-2(c); 25-22.5-8-1.	Indiana law expressly exempts health care entities from the corporate practice prohibition. Nonprofit incorporated entities are also allowed to employ physicians, as long as the entity does not interfere with the professional judgment of its employed professionals.  Ind. Code § 23-17-4-1; 25-22.5-1-2(c).
<b>Iowa</b>	Yes.  Iowa Code § 147.2; Iowa Att'y Gen. Op. No. 91-7-1 (1992) (republished by the Iowa Board of Medicine August 1, 2015).	Nonprofit corporations do not violate the corporate practice doctrine if the physician retains control over the patient relationship.  In 2015, the Iowa Board of Medicine reaffirmed a prior attorney general opinion that concluded not all employment relationships between a corporation and licensed professional are prohibited in Iowa. Rather, violations of the corporate practice doctrine are based on a case-by-case evaluation of control and dominion in the corporate-physician relationship at issue. Unless prohibited by statute or by public policy considerations against lay control of medical judgment and lay exploitation of the practice of medicine, non-physician corporations may provide medical services through employed physicians.  Although nothing officially extends the same rationale to non-incorporated entities, the attorney general opinion explicitly rejects an interpretation of the doctrine based solely on the profit or non-profit status of a corporation, recitation of the intent regarding the physician's independence, or designation of the physician as an employee.  Given the absence of any express prohibition of employment of physicians by unincorporated entities, the doctrine will likely not apply to any nonprofit entity's employment of a physician where the physician retains control over medical judgments and the patient relationship.  Iowa Att'y Gen. Op. No. 91-7-1 (1992) (republished by the Iowa Board of Medicine August 1, 2015).
<b>Kansas</b>	Yes.  Kan. Stat. Ann. §§ 65-2803, 65-2837, 65-2867.	Only nonprofit hospitals are exempt from the state's corporate practice prohibition.  <i>St. Francis Reg'l Med. Ctr., Inc. v. Weiss</i> , 869 P.2d 606 (Kan. 1994); Kans. Stat. Ann. § 65-28,134.
<b>Kentucky</b>	Yes.	Nonprofit entities providing medical services as a charitable health care provider registered with the state are exempt from the corporate practice prohibitions.

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	Ky. Rev. Stat. § 311.560.	Note that the Kentucky Medical Board has also indicated that it will not enforce the corporate practice prohibition as long as the employer does not interfere with the physician's independent medical judgment.  Ky. Rev. Stat. § 216.940; Ky. Bd. Of Med. Op. No. 36 (Feb. 10, 1995).
<b>Louisiana</b>	Yes.  La. State Bd. of Med. Exm'rs, Statement of Position, <i>Employment of Physician by Corporation Other Than a Professional Medical Corporation</i> (Sept. 24, 1992, reviewed Mar. 21, 2001).	The corporate practice doctrine is not violated (by any type of entity) if the employer does not seek to impose or substitute its judgement for that of the physician in patient care and isn't otherwise structured to undermine the essential incidents of the physician-patient relationship.  La. State Bd. Of Med. Exm'rs, Statement of Position, <i>Employment of Physician by Corporation Other Than a Professional Medical Corporation</i> (Sept. 24, 1992, reviewed Mar. 21, 2001).
<b>Maine</b>	No.  Me. Bd. of Licensure, Opinion (Nov. 2, 1992); 13-B Code Me. R. § 1307.	N/A
<b>Maryland</b>	Yes.  Md. Bd. of Physicians, Statement, <i>Information on Corporate Issues</i> , available <a href="#">here</a> .	None.  Md. Code Ann. Health Gen. § 19-351.
<b>Massachusetts</b>	Yes.  <i>McMurdo v. Getter</i> , 10 N.E.2d 139 (1937).	A physician may practice medicine through a nonprofit organization, a nonprofit hospital services corporation, a nonprofit medical services corporation or a similar organization under Maine law or other comparable state law, as long as the entity does not restrict the physician as to methods of diagnosis or treatment.  Mass. Gen. Laws Ch. 176B, § 7; 243 CMR § 2.07(22)(a).
<b>Michigan</b>	Yes.  Mich. Att'y Gen. Op. No. 6592 (Jul. 10, 1989).	Nonprofit hospitals or other nonprofit corporations, as defined in Mich. Comp. Laws Serv. § 450.2101 et seq., may provide medical services through employed physicians.  Mich. St. Att'y Gen. Op. No. 6770 (Sept. 17, 1993).
<b>Minnesota</b>	Yes.  Minn. Op. Att'y Gen. No. 92-B-11 (Oct. 5, 1955); <i>Isles Wellness, inc. v. Progress N. Ins. Co.</i> , 703 N.W.2d 513 (Minn. 2005).	Nonprofit corporations may employ physicians without violating the corporate practice prohibition.  Minn. Op. Att'y Gen. No. 92-B-11 (Oct. 5, 1955).
<b>Mississippi</b>	No.  The Mississippi Board of Medical Licensure announced it won't concern itself with the form of physician business arrangements provided: 1) The physician employed/contracted is licensed in Mississippi; 2) The method and manner of patient treatment and the means by which patients are treated are left to the sole and absolute discretion of the physician; and 3) the manner of billing and the amount of fees and expenses charged to a patient for medical services rendered are left solely to the discretion of the physician.  Miss. Bd. of Med. Licensure, Policy 3.02, <i>Corporate Practice of Medicine</i> (revised Sept. 20, 2001).	N/A
<b>Missouri</b>	No.	N/A

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	<i>State ex inf. McKittrick v. Gate City Optical Co.</i> , 97 S.W.2d 89 (Mo. 1936) (citing <i>State ex inf. Sager v. Lewin</i> , 106 S.W. 581 (Mo. Ct. App. 1907)).	
<b>Montana</b>	Yes.  The Montana statute prohibiting the corporate practice of medicine was repealed in 1995, but the Montana Board of Medical Examiners regulations still provide business arrangements with non-licensed persons constitutes unprofessional conduct (with some exceptions). Mont. Admin. R. 24.156.625(1)(t).	None.
<b>Nebraska</b>	No.  <i>State Electro-Med. Inst. v. State</i> , 103 N.W. 1078 (Neb. 1905).	N/A
<b>Nevada</b>	Yes.  Nev. Rev. Stat. § 89.050; Nev. Att'y Gen. Op. No. 2002-10 (Feb. 26, 2002).	Only nonprofits organized as a medical services corporation may provide services through physicians.  Nev. Rev. Stat. § 695B.020.
<b>New Hampshire</b>	No.  N.H. Rev. Stat. § 293-A:1.01, <i>et seq.</i>	N/A
<b>New Jersey</b>	Yes.  N.J. Admin. Code § 13:35-6.16; <i>Allstate Ins. Co. v. Northfield Med. Ctr., P.C.</i> , 159 A.3d 412 (N.J. 2017).	Only nonprofit corporations sponsored by a union, social or religious or fraternal-type organization providing health care services to members may employ a physician.  N.J. Admin. Code § 13:35-6.16(f)(4)(iii).
<b>New Mexico</b>	No.  N.M. Admin. Code § 16.10.1.13(B).	N/A
<b>New York</b>	Yes.  <i>State v. Abortion Info. Agency, Inc.</i> , 69 Misc. 2d 825 (N.Y. Sup. Ct. 1971); <i>Andrew Carothers, M.D., P.C. v. Progressive Ins. Co.</i> , 128 N.E.3d 153 (N.Y. 2019).	Nonprofit university faculty organizations, medical expense indemnity corporations and hospital service corporations are exempt from the corporate practice prohibition. New York law is silent on how the doctrine applies to other nonprofit entities.  N.Y. Not-For Profit Corp. Law § 1412; N.Y. Educ. Law § 6527(1).
<b>North Carolina</b>	Yes.  N.C. Att'y Gen. Op. No. 43 (Dec. 9, 1955); N.C. Gen. Stat. § 90-18(a).	Charitable nonprofits are exempt from the corporate practice doctrine.  N.C. Med. Bd., Position Statement, <i>Corporate Practice of Medicine</i> (Mar. 2016); N.C. Att'y Gen. Op. No. 43 (Dec. 9, 1955).
<b>North Dakota</b>	Yes.  N.D. Att'y Gen., Advisory Letter to Robert G. Hoy, Cass Cty State's Atty (October 23, 1990).	A nonprofit entity or charitable trust may employ a physician to conduct hyperbaric oxygen therapy  N.D.C.C. 43-17-42
<b>Ohio</b>	Yes.  Ohio Rev. Code § 4731.226.	Physicians may provide medical services through a nonprofit corporation or foundation.  Ohio Rev. Code § 4731.226(A)(1).
<b>Oklahoma</b>	No.  Okla. Att'y Gen. Op. No. 02-20 (May 8, 2002).	N/A

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<b>Oregon</b>	Yes.  <i>State ex rel Sisemore v. Standard Optical Co.</i> , 182 Or 452, 188 P2d 309 (1947); Ore. Att’y Gen. Op. No. 7230 (1975).	None.  Ore. Att’y Gen. Op. No. 5689 (1984).
<b>Pennsylvania</b>	Yes.  <i>Neill v. Gimbel Bros., Inc.</i> , 199 A. 178, 181 (Pa. 1938).	Pennsylvania’s Nonprofit Corporation Law provides that a nonprofit corporation may be incorporated for “any lawful purpose,” including a “professional” purpose.  63 Pa. Stat. Ann. § 5301(a).
<b>Rhode Island</b>	Yes.  R.I. Gen. Laws § 7-1.2-301.	Nonprofit corporations may be organized for any lawful purpose, including health services.  R.I. Gen. Laws § 7-6-4; <i>RIH Medical Foundation, Inc. v. Nolan</i> , 723 A.2d 1123 (R.I. 1999) (holding that a nonprofit foundation in Rhode Island was not required to be licensed as a health care facility because the “control of the delivery of medical services” remained in the hands of physicians).
<b>South Carolina</b>	Yes.  <i>Baird v. Charleston Cty., S.C.</i> , 511 S.E.2d 69 (S.C. 1999).	Business arrangements with physicians are permissible as long as the arrangement does not allow a person other than a licensed physician to direct, participate in, or interfere with the licensee’s practice of medicine and exercise of their independent professional judgement.  S.C. Bd. of Med. Exm’rs, <i>The Supervision of Unlicensed Personnel and the Corporate Practice of Medicine</i> (Oct. 4, 2017).
<b>South Dakota</b>	Yes.  S.D. Codified Laws § 36-4-8.1.	South Dakota law provides corporations (whether for profit or not) may employ physicians as long as the arrangement does not: <ol style="list-style-type: none"> <li>1) interfere or regulate the physician’s medical judgement;</li> <li>2) result in profit by charging a greater fee for the physician’s services than an independent physician would;</li> <li>3) remain effective for an initial period of more than three years, after which annual renewal is permissible.</li> </ol> S.D. Codified Laws § 36-4-8.1
<b>Tennessee</b>	Yes.  Tenn. Code §§ 63-6-204; 68-11-205.	None.  Tenn. Code §§ 63-6-204; 68-11-205.
<b>Texas</b>	Yes.  Tex. Occ. Code § 155.001, 164.05, 165.156.	The corporate practice doctrine does not apply to nonprofit community hospitals, critical access hospitals, rural health clinics, and health care corporations owned by licensed individuals.  Tex. Occ. Code § 162.001; 22 Tex. Admin. Code § 177.17;
<b>Utah</b>	No.  Utah Code Ann. §§ 58-67-802(1), 58-68-802(1), 58-67-501(1).	N/A
<b>Vermont</b>	No.  Vt. Stat. Ann. tit. 8, § 4581.	N/A
<b>Virginia</b>	No.  Va. Code § 54.111(D); Va. Bd. of Med., Guidance Doc. 85-21 (reviewed and aff’d Oct. 18, 2018).	N/A
<b>Washington</b>	Yes.  Wash. Rev. Code § 18.100.30(1); <i>Columbia Physical Therapy, Inc. v. Benton Franklin Orthopedic Assocs.</i> , 228 P.3d 1260 (Wash. 2010).	None.  <i>Columbia Physical Therapy, Inc. v. Benton Franklin Orthopedic Assocs.</i> , 228 P.3d 1260 (Wash. 2010) (“absent legislative authorization, a business entity may not employ medical professionals to practice their licensed professions”).

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<b>West Virginia</b>	Yes.  W. Va. Code § 30-3-15; W. Va. Bd. Of Med., <i>Position Statement on the Corporate Practice of Medicine</i> (Mar. 19, 2018).	None.  W. Va. Code § 30-3-15.
<b>Wisconsin</b>	Yes.  Wis. Att'y Gen. Op. No. 39-86 (Oct. 21, 1986).	A nonprofit medical education and research organization may contract with a physician as an employee or to provide consultation services as long as: <ol style="list-style-type: none"> <li>1) the physician is a member of or acceptable to and subject to the approval of the organization's medical staff;</li> <li>2) the physician is permitted to exercise professional judgement without supervision or interference by the organization;</li> <li>3) the contract establishes the physician's remuneration; and</li> <li>4) The organization does not limit medical staff membership to employee physicians; and</li> <li>5) Any charges to a patient for the physician's services designate the name of the physician and that their services are included in the departmental charges.</li> </ol> Wis. Stat. § 448.05(5); Wis. Att'y Gen. Op. No. 31-86 (Sept. 8, 1986) (defining a medical education and research organization as organized for the dominant purpose of providing medical education and conducting medical research and other functions are incidental to that purpose).
<b>Wyoming</b>	No.  Wyo. Stat. §§ 17-3-101 through 17-3-104; Wyo. Att'y Gen. Op. No. 79-17 (1979).	N/A