

Physician Partnerships

Submitted by Jim Rathlesberger, M.P.A., *executive officer*, California Board of Podiatric Medicine. BPM is the Department of Consumer Affairs unit licensing DPMs under the State Medical Practice Act.

August 11, 2006, Sacramento-Questions arose during the CPMA's Western Podiatric Medical Congress in June. Consulting the law book and BPM's staff counsel brought new insight that may be of general interest.

Given the prohibition of "corporate practice of medicine," DPMs sometimes ask if they can hire or be in partnership with MDs or DOs. The answer is: *it depends*:

Its & buts

The Moscone-Knox Act (Corporations Code Section 13401.5) provides:

13401.5. Notwithstanding subdivision (d) of Section 13401 and any other provision of law, the following licensed persons may be shareholders, officers, directors, or professional employees of the professional corporations designated in this section *so long as* the sum of all shares owned by those licensed persons does not exceed 49 percent of the total number of shares of the professional corporation so designated herein . . .

(b) Podiatric medical corporation.

- (1) Licensed physicians and surgeons.**
- (2) Licensed psychologists.
- (3) Registered nurses.
- (4) Licensed optometrists.
- (5) Licensed chiropractors.
- (6) Licensed acupuncturists.
- (7) Naturopathic doctors.

The Board's DCA attorney explains the Legislature is saying that, in this specific arrangement, MDs may work for DPMs and practice within their full MD scope of practice.

Partnerships

Section 2416 of the Business and Professions Code states:

Finding the Law

<http://bpm.ca.gov>

click [Laws & Regulations](#), then
[California Law](#)

<http://bpm.ca.gov/lawsregs/calaw.htm>

Article 18. Corporations, Fictitious
Names & MD-DPM Partnerships
[2400-2417](#)

Professional Corporations (Moscone-
Knox) [13400-13410](#)

2416. Physicians and surgeons and podiatrists may conduct their professional practices in a partnership or group of physicians and surgeons or a partnership or group of podiatrists, respectively. **Physicians and surgeons and podiatrists may establish a professional partnership that includes both physicians and surgeons and podiatrists, if both of the following conditions are satisfied:** (a) A majority of the partners and partnership interests in the professional partnership are physicians and surgeons or osteopathic physicians and surgeons. (b) Notwithstanding Chapter 2 (commencing with Section 15001) of Title 1 of the Corporations Code, a partner who is not a physician and surgeon shall not practice in the partnership or vote on partnership matters related to the practice of medicine that are outside his or her scope of practice. All partners may vote on general administrative, management, and business matters.

Consult an attorney

Doctors setting up any complicated business arrangement should consult a private attorney specializing in such work. BPM staff is not expert in these areas. The small, overworked cadre in our Departmental legal office is there to advise the Director and her Executive Office principally, as well as multiple client boards and bureaus. They cannot take calls from the many thousands of California professional licensees or approve hypothetical arrangements described over the phone or even in writing.

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