
ASSEMBLY BILL NO. 347—ASSEMBLYMAN EISEN

MARCH 18, 2013

JOINT SPONSOR: SENATOR HARDY

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing the practice of medicine. (BDR 54-612)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to the practice of medicine; prohibiting, with limited exceptions, the corporate practice of medicine; prohibiting an employer of a physician or osteopathic physician from interfering with, limiting or otherwise impeding certain medical duties of a physician or an osteopathic physician; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law does not expressly prohibit the corporate practice of medicine and,
2 similarly, does not expressly prohibit a corporation from employing a physician or
3 an osteopathic physician to engage in the practice of medicine or the practice of
4 osteopathic medicine, respectively. **Sections 1 and 2** of this bill expressly prohibit
5 a person from engaging in the practice of medicine or the practice of osteopathic
6 medicine without the appropriate license and further prohibit, with certain limited
7 exceptions, any person, including corporations and other entities, from employing
8 or contracting with a physician or an osteopathic physician to engage in the practice
9 of medicine or osteopathic medicine, respectively, or to provide medical care to any
10 person. **Sections 1 and 2** provide exceptions to the prohibition from employment of
11 a physician or an osteopathic physician for certain professional entities, certain
12 nonprofit educational institutions and corporations, health maintenance
13 organizations and any other person with the express statutory authority to employ
14 or contract with a physician or an osteopathic physician. **Sections 1 and 2** also
15 prohibit an employer of a physician or an osteopathic physician from interfering
16 with, limiting or otherwise impeding the ability of the physician or osteopathic
17 physician to provide medical care to a patient in a manner consistent with the
18 independent and professional medical judgment of the physician or osteopathic



19 physician. **Section 3** of this bill requires a professional entity which is organized for
20 the purpose of providing a professional service relating to medicine or osteopathic
21 medicine to be composed only of persons engaged in the practice of medicine or
22 engaged in the practice of osteopathic medicine, respectively. **Sections 4 and 5** of
23 this bill establish certain requirements for nonprofit corporations and health
24 maintenance organizations which employ or contract with a physician or an
25 osteopathic physician to provide certain health care services.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 630 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 ***1. A person shall not:***

4 ***(a) Engage in the practice of medicine without a license issued***
5 ***pursuant to this chapter.***

6 ***(b) Except as otherwise provided in subsection 2, employ or***
7 ***contract with a physician to engage in the practice of medicine or***
8 ***to otherwise provide medical or health care to any person.***

9 ***2. The provisions of paragraph (b) of subsection 1 do not***
10 ***apply to:***

11 ***(a) A professional entity organized for the purpose of***
12 ***providing a professional service pursuant to NRS 89.050.***

13 ***(b) A nonprofit, accredited educational institution which:***

14 ***(1) Offers a program for the award of the degree of doctor***
15 ***of medicine or doctor of osteopathic medicine; and***

16 ***(2) Employs or contracts with a physician licensed***
17 ***pursuant to this chapter or chapter 633 of NRS to serve as the***
18 ***medical director of the institution.***

19 ***(c) A nonprofit corporation authorized to provide gratuitous***
20 ***hospital or medical services pursuant to chapter 695B of NRS.***

21 ***(d) A health maintenance organization authorized to provide***
22 ***health care services pursuant to chapter 695C of NRS.***

23 ***(e) Any other person who is expressly authorized by statute to***
24 ***employ or contract with a physician.***

25 ***3. A person who is authorized to employ or contract with a***
26 ***physician pursuant to subsection 2 shall not, by virtue of the***
27 ***person's employment of or contract with the physician, interfere***
28 ***with, limit or otherwise impede the ability of the physician to***
29 ***provide medical care to a patient in a manner consistent with the***
30 ***independent and professional medical judgment of the physician.***

31 ***4. As used in this section, "person" includes, without***
32 ***limitation, a natural person, corporation, company, trust,***
33 ***partnership, association or other entity.***



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1 **Sec. 2.** Chapter 633 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 1. *A person shall not:*

4 (a) *Engage in the practice of osteopathic medicine without a*
5 *license issued pursuant to this chapter.*

6 (b) *Except as otherwise provided in subsection 2, employ or*
7 *contract with an osteopathic physician to engage in the practice of*
8 *osteopathic medicine or to otherwise provide medical or health*
9 *care to any person.*

10 2. *The provisions of paragraph (b) of subsection 1 do not*
11 *apply to:*

12 (a) *A professional entity organized for the purpose of*
13 *providing a professional service pursuant to NRS 89.050.*

14 (b) *A nonprofit, accredited educational institution which:*

15 (1) *Offers a program for the award of the degree of doctor*
16 *of medicine or doctor of osteopathic medicine; and*

17 (2) *Employs or contracts with a physician licensed*
18 *pursuant to this chapter or chapter 630 of NRS to serve as the*
19 *medical director of the institution.*

20 (c) *A nonprofit corporation authorized to provide gratuitous*
21 *hospital or medical services pursuant to chapter 695B of NRS.*

22 (d) *A health maintenance organization authorized to provide*
23 *health care services pursuant to chapter 695C of NRS.*

24 (e) *Any other person who is expressly authorized by statute to*
25 *employ or contract with an osteopathic physician.*

26 3. *A person who is authorized to employ or contract with an*
27 *osteopathic physician pursuant to subsection 2 shall not, by virtue*
28 *of the person's employment of or contract with the osteopathic*
29 *physician, interfere with, limit or otherwise impede the ability of*
30 *the osteopathic physician to provide medical care to a patient in a*
31 *manner consistent with the independent and professional medical*
32 *judgment of the osteopathic physician.*

33 4. *As used in this section, "person" includes, without*
34 *limitation, a natural person, corporation, company, trust,*
35 *partnership, association or other entity.*

36 **Sec. 3.** NRS 89.050 is hereby amended to read as follows:

37 89.050 1. Except as otherwise provided in subsection 2, a
38 professional entity may be organized only for the purpose of
39 rendering one specific type of professional service and may not
40 engage in any business other than rendering the professional service
41 for which it was organized and services reasonably related thereto,
42 except that a professional entity may own real and personal property
43 appropriate to its business and may invest its money in any form of
44 real property, securities or any other type of investment.



1 2. A professional entity may be organized to render a
2 professional service relating to:

3 (a) Architecture, interior design, residential design, engineering
4 and landscape architecture, or any combination thereof, and may be
5 composed of persons:

6 (1) Engaged in the practice of architecture as provided in
7 chapter 623 of NRS;

8 (2) Practicing as a registered interior designer as provided in
9 chapter 623 of NRS;

10 (3) Engaged in the practice of residential design as provided
11 in chapter 623 of NRS;

12 (4) Engaged in the practice of landscape architecture as
13 provided in chapter 623A of NRS; and

14 (5) Engaged in the practice of professional engineering as
15 provided in chapter 625 of NRS.

16 (b) Medicine, homeopathy and osteopathy, and may be
17 composed *only* of persons engaged in the practice of medicine as
18 provided in chapter 630 of NRS, persons engaged in the practice of
19 homeopathic medicine as provided in chapter 630A of NRS and
20 persons engaged in the practice of osteopathic medicine as provided
21 in chapter 633 of NRS. Such a professional entity may market and
22 manage additional professional entities which are organized to
23 render a professional service relating to medicine, homeopathy and
24 osteopathy.

25 (c) Mental health services, and may be composed of the
26 following persons, in any number and in any combination:

27 (1) Any psychologist who is licensed to practice in this State;

28 (2) Any social worker who holds a master's degree in social
29 work and who is licensed by this State as a clinical social worker;

30 (3) Any registered nurse who is licensed to practice
31 professional nursing in this State and who holds a master's degree in
32 the field of psychiatric nursing;

33 (4) Any marriage and family therapist who is licensed by this
34 State pursuant to chapter 641A of NRS; and

35 (5) Any clinical professional counselor who is licensed by
36 this State pursuant to chapter 641A of NRS.

37 ➤ Such a professional entity may market and manage additional
38 professional entities which are organized to render a professional
39 service relating to mental health services pursuant to this paragraph.

40 3. A professional entity may render a professional service only
41 through its officers, managers and employees who are licensed or
42 otherwise authorized by law to render the professional service.

43 **Sec. 4.** NRS 695B.060 is hereby amended to read as follows:

44 695B.060 1. A majority of the board of directors of a
45 corporation providing or rendering hospital services ~~shall~~ *must* be



1 persons who are not duly appointed representatives of hospitals with
2 which the corporation has contracts for the rendering of hospital
3 services.

4 2. A majority of the board of directors of a corporation
5 providing medical services ~~shall~~ **must** be persons who are not
6 physicians or duly appointed representatives of the physicians who
7 have signed participating agreements with the corporation for the
8 rendering of medical services.

9 3. A majority of the board of directors of a corporation
10 providing dental services ~~shall~~ **must** be persons who are not
11 dentists or duly appointed representatives of the dentists who have
12 signed participating agreements with the corporation for the
13 rendering of dental services.

14 4. *If a corporation employs or contracts with one or more
15 physicians who are licensed pursuant to chapter 630 or 633 of
16 NRS to provide hospital services or medical services pursuant to
17 this chapter:*

18 *(a) A majority of the board of directors of the corporation must
19 be composed of physicians who are licensed pursuant to chapter
20 630 or 633 of NRS; and*

21 *(b) Only the members of the board of directors who are
22 physicians licensed pursuant to chapter 630 or 633 of NRS may
23 vote on issues concerning the provision of hospital services or
24 medical services.*

25 5. This section does not apply to any duly appointed
26 representative of a hospital, physician or dentist who is a member of
27 the board of directors of a corporation on July 1, 1977. Such a
28 person may continue to serve as a member of the board of directors
29 until the term of the person expires.

30 **Sec. 5.** Chapter 695C of NRS is hereby amended by adding
31 thereto a new section to read as follows:

32 *If a health maintenance organization employs or contracts with
33 one or more physicians who are licensed pursuant to chapter 630
34 or 633 of NRS to provide health care services pursuant to this
35 chapter, the health maintenance organization shall employ or
36 contract with a physician who is licensed pursuant to chapter 630
37 or 633 of NRS to serve as the medical director of the organization.*

