

SENATE BILL REPORT

SB 5298

As Reported By Senate Committee On:
Law & Justice, February 13, 1995

Title: An act relating to health care professionals doing business as professional service corporations or limited liability companies.

Brief Description: Modifying allowed composition of health care professional service corporations and limited liability companies.

Sponsors: Senators C. Anderson, Deccio, Franklin and Palmer.

Brief History:

Committee Activity: Law & Justice: 1/30/95, 2/13/95 [w/oRec-HEA].
Health & Long-Term Care: 2/24/95.

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: That it be referred to Committee on Health & Long-Term Care without recommendation.

Signed by Senators C. Anderson, Vice Chair; Hargrove, Johnson, Long, McCaslin, Roach and Schow.

Staff: Martin Lovinger (786-7443)

Background: Under current law a group of individual health care professionals may form and be shareholders of a professional service corporation or a professional limited liability company only if all the professionals are members of the same profession. This prevents members of different health care professions from forming a professional service corporation or professional limited liability company for the purpose of delivering a spectrum of professional services which, it is felt by many, could be cost-effective and efficient.

Summary of Substitute Bill: Health care professionals licensed, certified, or registered under the state's Business and Professions Act, except dentists, may become shareholders in a professional service corporation or members of a professional limited liability company with other health care professionals licensed, certified, or registered under different chapters of the state's Business and Professions Act.

Language affirms application of the Uniform Disciplinary Act and any other applicable health professional statutes to professionals incorporated under this act.

Substitute Bill Compared to Original Bill: The original bill was not considered.

Appropriation: None.

Fiscal Note: Requested on January 24, 1995.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Cost-effective and appropriate care are the benefits of this form of business organization. Collaboration is better than independent practice. HMOs are already exempt from current restrictions on forming professional corporations for health care practitioners. Consumers are beneficiaries of this proposal, because this will lead to one-stop shopping. The bill decreases the likelihood of professionals practicing outside their scope of practice. It opens access to more services and allows flexibility.

Testimony Against: This bill would effectively repeal the corporate practice of medicine doctrine which prevents someone from hiring a medical professional and telling them how to practice. The bill does not limit coverage to managed care. There are no safeguards under this proposal. Referrals for fees will be legalized. The bill is unnecessary because people can already freely associate to deliver services.

Testified: Gail McGaffick, Lucy Homans, PhD., Barry Anton, PhD., Washington State Psychological Association (pro); Lee Carlisle, MD (pro); Andy Dolan, Washington State Medical Association (con); Kathy Ball, marriage therapist (pro); Patty Hayes (pro); Foster Brown, National Association of Social Workers (pro).

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Rhoda Jones (786-7198)