The Corporate Practice of Medicine Doctrine

A Personal Journey

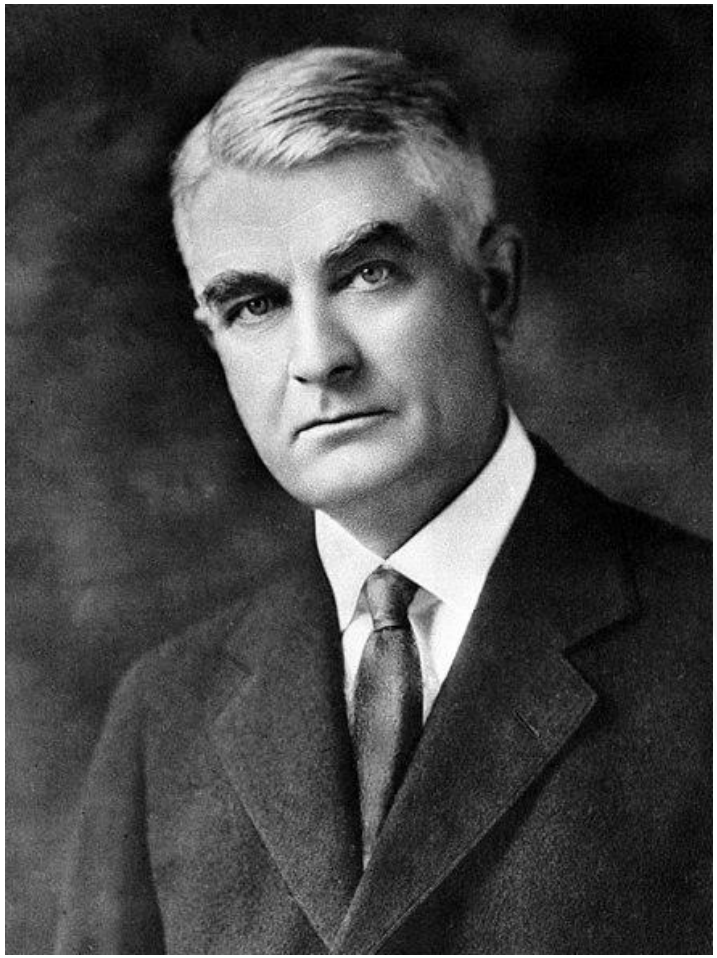
Marcus Jimison
Deputy General Counsel
North Carolina Medical Board

FSMB Board Attorney Workshop
The City of Brotherly Love
November 6, 2025

Medicine becomes a Profession

- American Medical Association created in 1847.
- Differentiate medical professionals from “irregulars”
- Created standards for medical eduction
- Created a publication for the advancement of medicine and the profession (JAMA)
- Pushes for State Licensing Boards
- Created a Code of Ethics
  - *Be Afraid of Change: Time to Eliminate The Corporate Practice of Medicine Doctrine*
  - Nicole Huberfeld, Health Matrix: The Journal of Law-Medicine, Volume 14, Issue 2 (2004)

Profession v. Enterprise



- William James Mayo, MD
- Wrote in JAMA, corporations profiting from physicians, i.e., fee-splitting, was a "pernicious practice" and a "crying evil" that needed to be "eradicated."
  - Huberfeld, N. *Id., citing,*
  - 46 JAMA 1737 (1906), William J. Mayo, M.D., *The Medical Profession and the Issues Which Confront It.*

The Rationale for CPOM

- "(1) allowing corporations to practice medicine or employ physicians will result in the commercialization of the practice of medicine.
- (2) a corporation's obligation to its shareholders may not align with a physician's obligation to his patients.
- (3) employment of a physician by a corporation may interfere with the physician's independent medical judgment."

- Issue brief: Corporate Practice of Medicine
- American Medical Association – Advocacy Resource Center. 2015

Licensure drives CPOM

- Once medicine became a licensed profession, courts began interpreting licensure laws as applicable to individuals only. In other words, only people, not corporations, can go to med school, pass an exam, and get licensed.
- "A corporation cannot lawfully practice law. It is a personal right of the individual, obtained by diligent study and good conduct, cannot be delegated or assigned and dies with him [or her]. Since a corporation cannot practice law directly, it cannot do so indirectly by employing lawyers to practice for it."

  - *Seawell, Attorney-General v. Motor Club,* 209 N.C. 624, 184 S.E. 540 (1936)

Exceptions to CPOM in States that Enforce It.

- Licensed, regulated entities. Hospitals, including hospital owned and operated private practices, HMOs, mental health providers overseen by DHHS and local management entities (LME).
- Non-profits. Must be a legitimate 501(c)(3) charitable non-profit.
- Professional Corporations and PLLCs. Must be completely owned by licensee(s).
- Non-enforcement. Public interest and prosecutorial priorities.

Not Everyone is a Fan

- Concurrence (actually, a dissent). "More perniciously, the doctrine is a species of rent-seeking, coopting this court and its power to make common law in favor of a private interest group (in this case organized medical professionals) in order to provide shelter from economic competition—all under the guise of public safety and welfare…the ban against the **corporate practice of medicine** took root in fear—fear that the quality of medical care would suffer from divided loyalty, lay control, and commercial exploitation.
- -- this fear was sowed long ago by a special interest group, the American Medical Association (AMA). That the AMA formulated and promoted the doctrine as a form of economic protectionism is well-documented.
- In the end, I acknowledge the present court inherited this unfortunate doctrine and has applied it on the basis of stare decisis. Furthermore, because no party asks us to overturn the doctrine today, I am compelled to concur with the majority. But I propose that ….at some point, it behooves us to do so." And at that point, I would discard the doctrine."

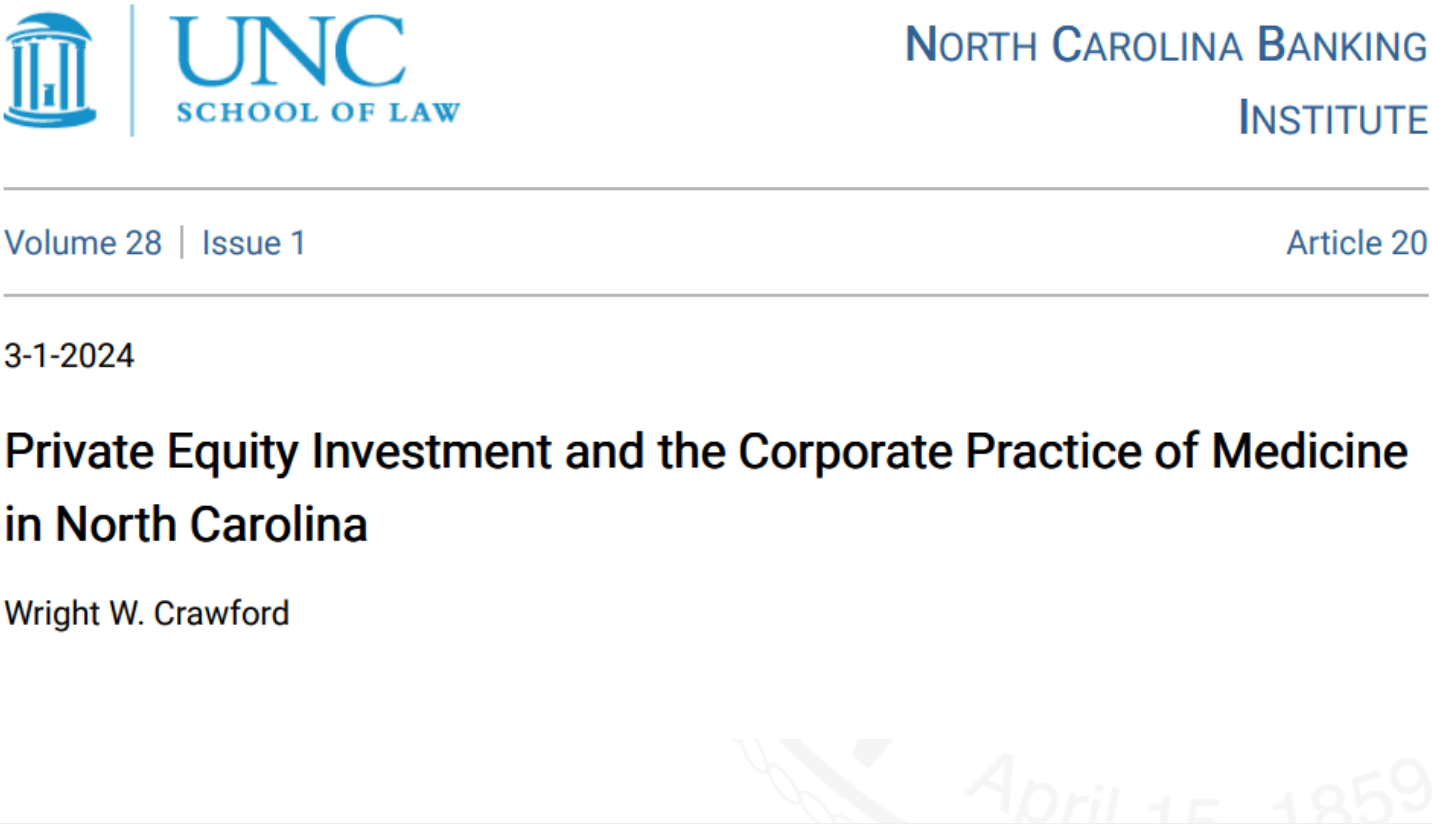
CKMC v. Hatesohl,
308 Kan 992 (2018)

In 1979 the FTC Rears its Ugly Head and Swings a Hammer

FTC pressures the AMA to drop its ethical opinion prohibiting physicians with having business associations with non-physicians. *1979 FTC Lexis 182*

> By keeping physicians from adopting what may be more economically efficient business formats in particular situations-- as evidenced in part by the examples cited in the record--the restraints inevitably have an adverse effect on competition. Due then to the overbreadth of these restrictions and their inherent anticompetitive characteristics, we hold that they constitute unfair methods of competition under Section 5.

My Alma Mater Comes Gunning And It Feels Kinda Personal



UNC SCHOOL OF LAW

NORTH CAROLINA BANKING INSTITUTE

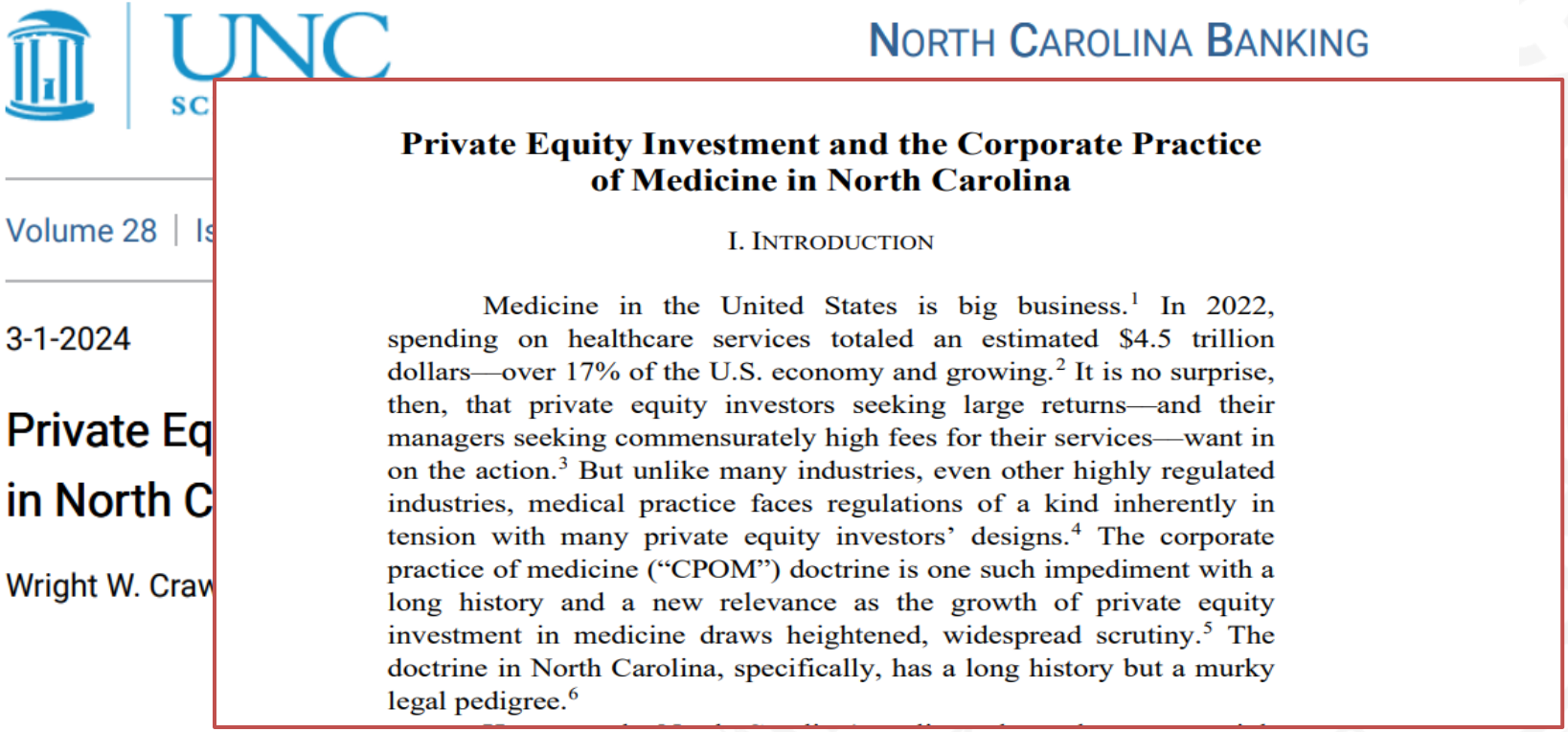
Volume 28 | Issue 1 Article 20

3-1-2024

Private Equity Investment and the Corporate Practice of Medicine in North Carolina

Wright W. Crawford

My Alma Mater Comes Gunning And It Feels Kinda Personal



UNC SC

NORTH CAROLINA BANKING

Volume 28 | Is

3-1-2024

Private Eq
in North C

Wright W. Craw

Private Equity Investment and the Corporate Practice of Medicine in North Carolina

I. INTRODUCTION

Medicine in the United States is big business.[1] In 2022, spending on healthcare services totaled an estimated $4.5 trillion dollars—over 17% of the U.S. economy and growing.[2] It is no surprise, then, that private equity investors seeking large returns—and their managers seeking commensurately high fees for their services—want in on the action.[3] But unlike many industries, even other highly regulated industries, medical practice faces regulations of a kind inherently in tension with many private equity investors' designs.[4] The corporate practice of medicine ("CPOM") doctrine is one such impediment with a long history and a new relevance as the growth of private equity investment in medicine draws heightened, widespread scrutiny.[5] The doctrine in North Carolina, specifically, has a long history but a murky legal pedigree.[6]

My Alma Mater Comes Gunning And It Feels Kinda Personal

UNC SCHOOL OF LAW

NORTH CAROLINA BANKING INSTITUTE

2023 case. The absence of other actions reflects the relatively lax enforcement of the prohibition in North Carolina. Furthermore, the fact that the sole case the Medical Board brought under the CPOM doctrine addressed a single entity unrelated to any private equity investment suggests that the appetite for enforcement against entities with private equity backing may not exist.

Wright W. Crawford

My Alma Mater Comes Gunning And It Feels Kinda Personal

Management-Service-Organizations [https://perma.cc/7GAA-8FJU].

55. *See* D. Cameron Dobbins, *Survey of State Laws Relating to the Corporate Practice of Medicine*, HEALTH LAW., Spring 1997, at 18, 21 (noting the 1955 North Carolina Attorney General opinion was then the only authority on the corporate practice of medicine doctrine in the state); Marcus Jimison, *The Corporate Practice of Medicine*, PROGNOSIS, Nov. 2006, at 8, 8 (citing a 1955 North Carolina Attorney General opinion as the then-only authority in the state on the corporate practice of medicine).

ANKING

SCHOOL OF LAW

INSTITUTE

66. *See* Dobbins, *supra* note 55, at 18 (stating that the 1955 North Carolina Attorney General opinion was then the only authority on the CPOM doctrine in the state); *see also* Jimison, *supra* note 55, at 8 (highlighting the dearth of legal authority supporting North Carolina's CPOM doctrine by pointing to a single 1955 North Carolina Attorney General opinion as then the only such source).

ticle 20

Private Equity Investment and the Corporate Practice of Medicine

79. *See* Jimison, *supra* note 55, at 8 (arguing, from the point of a view of a staff attorney for the Medical Board, that the practices constituting prohibited CPOM in North Carolina is clouded with ambiguity).

In Hindsight, I Probably Could Have Worded It Better

The Corporate Practice of Medicine

By Marcus Jimison

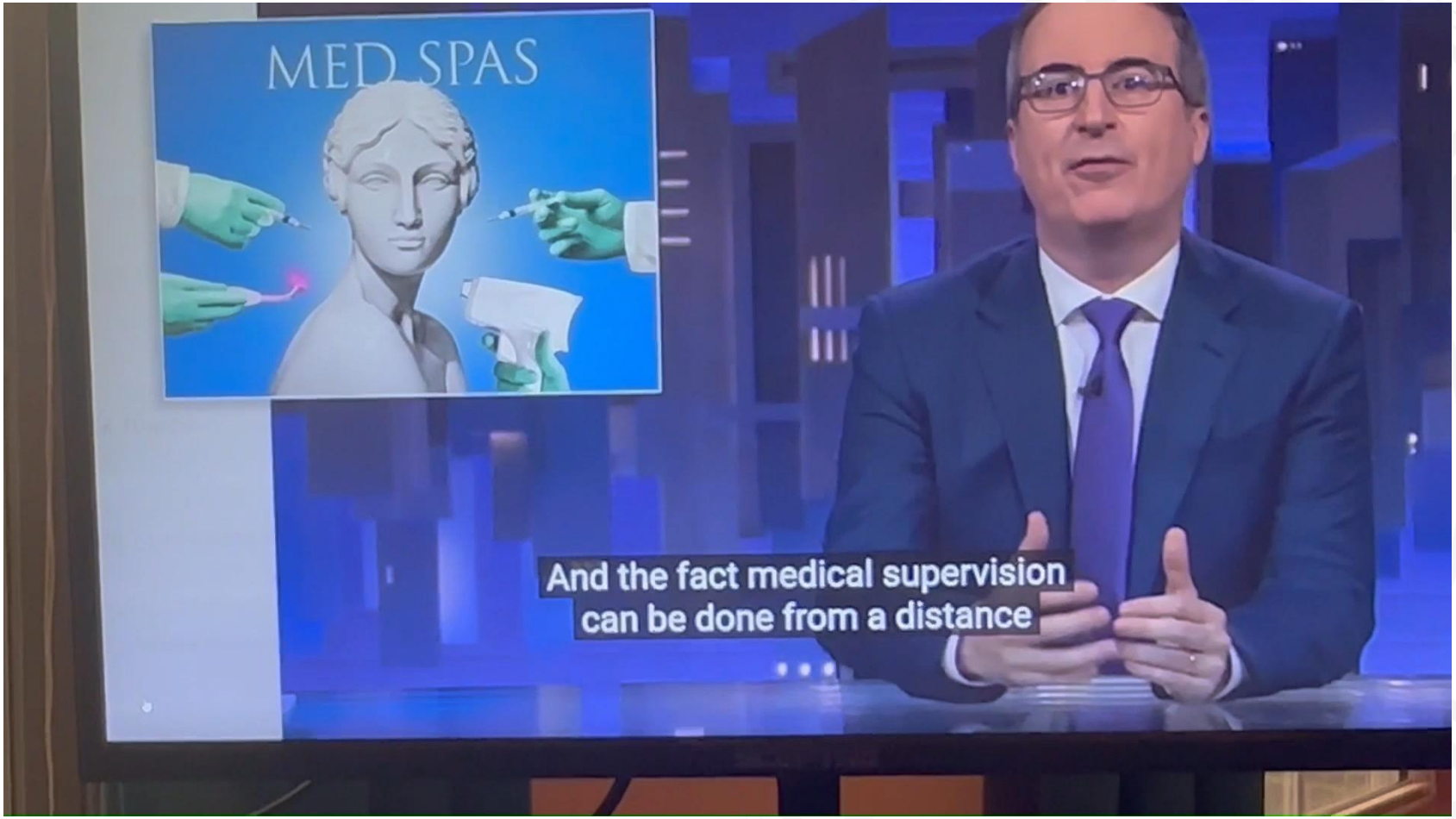
To practice medicine in North Carolina, a person must hold an active North Carolina medical license. To practice medicine in North Carolina, a business must be owned in its entirety by persons who hold active North Carolina medical licenses. Simple enough. Yet, when it comes to issues involving the business of practicing medicine, and more specifically, the corporate practice of medicine, determining what may be, and what may not be, permissible can rarely be said to be simple.

I blame lawyers.

During the last four years as a prosecutor with which citizens may enter upon and continue in the professional practice of law. Since a corporation cannot practice law directly, it cannot do so indirectly by employing lawyers to practice for it." N.C. Att'y Gen. Op., Dec. 9, 1955, page 2, *citing,* **Seawell v. Motor Club,** 209 N.C. 624, 631 (1936). As noted, **Seawell** was cited in a 1955 Attorney General opinion that recognized the corporate practice of medicine doctrine in North Carolina, but which also recognized an exception for licensed nonprofit hospitals. This AG opinion has long been referred to as the closest thing to any mentators include hospitals, health maintenance organizations ("HMOs"), public health clinics and services, and charitable nonprofits. *See generally* Chase-Lubitz, Jeffrey F., *The Corporate Practice of Medicine Doctrine: An Anachronism in the Modern Health Care Industry,* 40 Vand. L. Rev. 445 (1987). The reasons for the exceptions are varied. With hospitals (N.C.G.S. § 131E-5, *et. seq.*) and HMOs (N.C.G.S. § 58-67-10), the rationale is that these entities are creatures of statute and heavily regulated by the government, thus ameliorating the inherent conflict between profit-making and good

Enforcement

And of course, You Can't Have A Board Attorney Workshop Without Talking About Med Spas



Case Studies (CPOM + 1)

- If a physician, PA, or NP is employed directly by a lay corporation, typically the Board will send a private letter requesting the licensee cease working for the lay entity. CPOM only = private disposition
- If the investigation reveals CPOM plus other misconduct, then typically the Board pursues a public disposition. Most common public dispositions are non-disciplinary, public letters of concern or disciplinary consent order with a reprimand.

My Journey. When it All Started
In Re: Weisner (2003)

- The case that started it all (well, at least for me).
- MD was employed as a contract physician at a business called "Physicians Weight Loss Centers, Inc." PWLC helped patients obtain weight loss primarily through the prescription drug, Meridia (stimulant). Patients were required by contract to buy Meridia directly from PWLC.
- MD refused to give patient a copy of her Meridia prescription so she could purchase the drug from the pharmacy of her choice. MD had an ethical responsibility to allow the patient to buy the drug from the pharmacy of her choice, but MD was directed by the PWLC president (non-physician) not to provide the Rx, as patient was contractually obliged o buy the drug from PWLC.
- MD reprimanded for ethical violation and aiding and abetting CPOM.
- Classic case of divided loyalty and lay owner directing physician to violate his ethical duties to serve lay owner's desire for profit.

In Re: Marko (2009)

- MD was the "owner" of a hair restoration practice. The practice, "MHR," had a MSO with an out of state corporation.
- Management fee was a straight, percentage-based fee.
- MSO owned the medical records.
- Actual language from MSO during investigation: "[MHR] owned nothing, employed nobody, and leased nothing. All patients, marketing, employees, medical supplies belong to [MSO], which is entitled to receive, per its management agreement with Marko, the majority of revenues from surgeries performed by Marko."
- Marko began performing surgeries "off the books."

In Re: Traylor (2010)

- MD was the "medical director" of a clinic that treated many patients who were MVA victims and came to the clinic upon referral of personal injury lawyers.
- The clinic for all intent and purposes was owned by a chiropractor ("DC").
- The DC sets up a management services organization ("MSO") and makes MD a "straw owner." DC also set his "management fee" for an amount exceeding the total revenue of the practice, thus assuring DC realized all profits of the practice. This is classic "fee-splitting."
- MD received a public letter of concern.

In Re: Foster (2016)

- Out of state physician made a straw owner of a clinic in Charlotte, NC.
- Clinic controlled by chiropractors, one from out of state and the other from Charlotte.
- Clinic performed, by means of an NP, a large number of facet injections which were not indicated. Up to 40 facet injections per day.
- NP was the only clinician and was supervised remotely.
- Because of the large number of facet injections, NP was one of the highest medicaid/medicare billers in the state. One year, she billed close to two million dollars to government insurers.
- According to documents produced by the clinic, the practice brought in approximately 1 million dollars of revenue per year.
- "Owner" was paid $12,000. Management fees exceeded $500,000.

In Re: Hansen (2019)

- A pain and medication assisted treatment clinic established in eastern North Carolina by a Georgia businessman, who also owned a medical lab in Georgia.
- Clinic run by NPs, however, clinic did have an MD medical director, who controlled all clinical decisions.
- Had an MSO, but had no MSO agreement. Treated Medicaid/Medicare patients, and the lack of a written MSO agreement violated 42 CFR 411.357(d)(1). All revenue went into accounts controlled by MSO. One point, clinical staff not being paid.
- No written agreement for management fee. Violated 42 CFR 411.357(d)(1)(iii)(iv).
- Billed NP services as "incident to" physician services, yet the services provided did not meet this billing code.
- Clinic had an exclusive arrangement to have all UDS performed by lab owned by Georgia businessman.

In Re: Messec 2020

North Carolina Medical Board

Venkata Jonnalagadda, MD: President | John W. Rusher, MD: President-Elect | Michaux R. Kilpatrick, MD: Secretary/Treasurer

December 31, 2020

Harry Schnee Messec, M.D.
2020 Summerside Drive, SE
Albuquerque, NM 87123

Dear Dr. Messec:

The North Carolina Medical Board ("Board") has concluded its investigation related to your violation of the Corporate Practice of Medicine doctrine and your subsequent failure to timely

business dealings of Med First. By agreements, RMS was the initial equity investor in Med First, enjoyed the profits of Med First, and paid you a fixed sum to be the owner and medical director of Med First. In 2015, Mr. Schilisky sold RMS Healthcare to a Boston venture capital firm called Sverica Capital. Sverica has since taken over the true ownership of Med First. In April 2020, you sold your interest in Med First to another physician.

As a general rule, with few exceptions, none of which are applicable here, a business entity that provides physician services that constitute the practice of medicine must be owned by physicians licensed by this Board. Please see the attached Board Position Statement entitled, "Corporate Practice of Medicine." The sharing of professional fees and profits with a non-licensee constitutes unethical fee-splitting. Please see the attached Board Position Statement entitled, "Referral Fees and Fee-Splitting."

In Re: Rhoades (2021)
In Re: Saunders (2023)

- Rhoades admitted he was the straw owner of two clinics in Elkin and Gastonia. The clinics treated chronic pain patients primarily through APPs.
- The APPs and Dr. Rhoades had no specific training in treating chronic pain patients.
- The "plus one" to the CPOM violation was that the clinics' true owner also owned a laboratory. The clinics provided all of their UDS to the lay owner's lab, thus creating a revenue source for the labs.
- Dr. Rhoades was quoted in the consent order as saying, "I was not in charge of anything. I was just coming in."
- Dr. Saunders was the straw owner of three medical weight loss centers in Charlotte. He paid nothing for the practices and the lay owner was actually onsite running the practices more so than Dr. Saunders.
- Lay owner instructed the APPs to prescribe more weight loss controlled substances and terminates an APP when the APP told the lay owner that he could not tell her and the other APPs how to practice medicine. Lay owner did not ask Dr. Saunders' permission before terminating the APP, nor did Dr. Saunders investigate the termination.

In Re: Neil (Dec. 2022)

As a general rule, with few exceptions, none of which are applicable here, a business entity that engages in the practice of medicine must be owned and materially operated by licensees of this Board. Unless an exception applies, lay persons who own or operate medical practices are engaged in what is called the unlawful corporate practice of medicine. When licensed physicians play a role whereby non-licensed people or entities wholly operate a medical practice without appropriate supervision by a licensed physician, the physician is either actively or passively enabling this unlawful practice.

speak to the corporation's attorney from time to time about corporate governance or filing matters outside of the normal daily operation of the practice. Dr. Neil confirmed that where these

In Re: Burnette (2025)

North Carolina Medical Board

Devdutta G. Sangvai, MD, JD, MBA: President | Anuradha Rao-Patel, MD: President-Elect | Robert L. Rich Jr., MD: Secretary/Treasurer

June 6, 2025

Via Attorney of Record

J.P. Burnette, M.D.
[redacted]

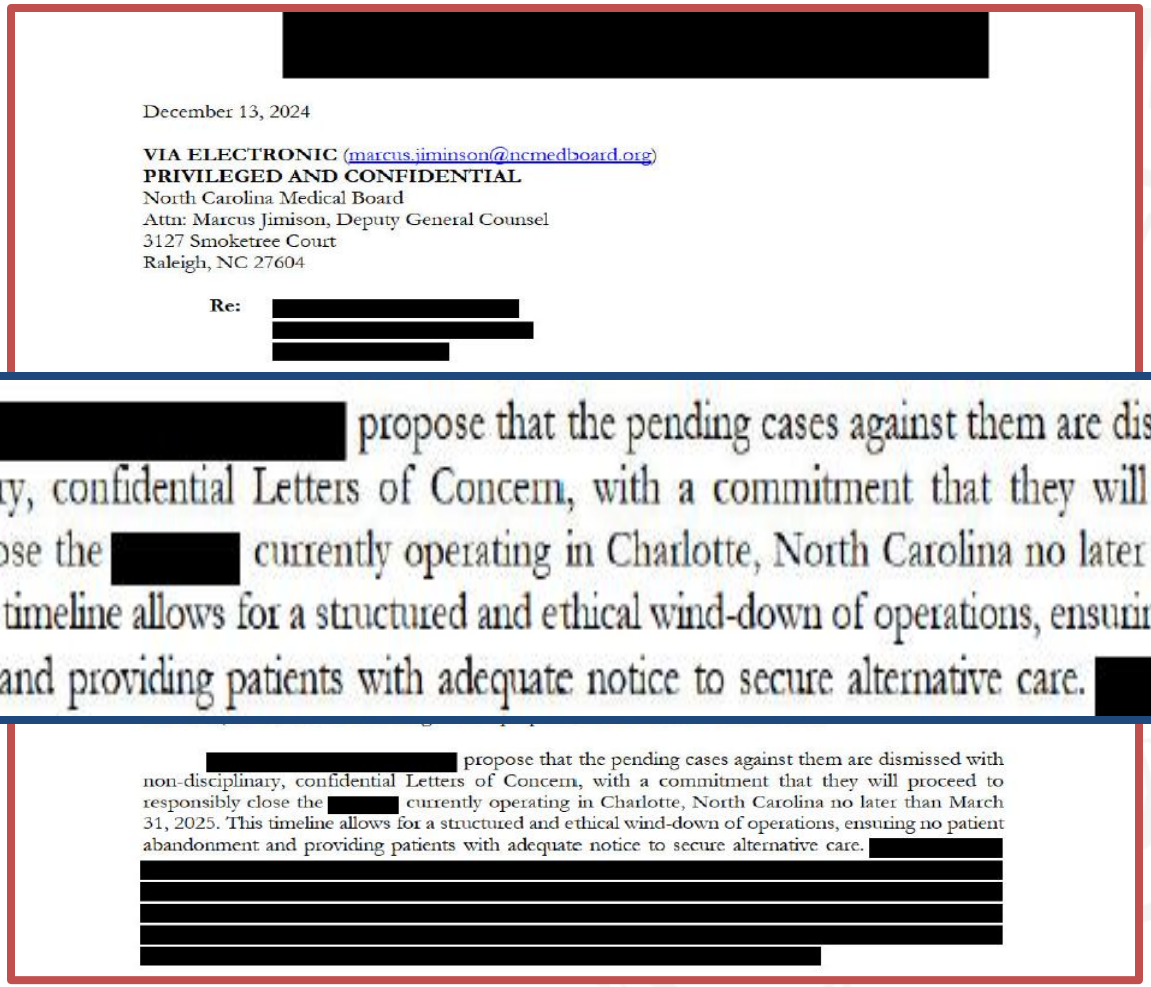
Dear Dr. Burnette:

The North Carolina Medical Board ("Board") has concluded its investigation related to allegations that you aided and abetted the unlicensed practice of medicine through the Corporate Practice of Medicine doctrine. It is the Board's decision not to commence formal proceedings against your license at this time. However, the Board voted to issue you this public letter of concern. The Board does not consider a public letter of concern to be a disciplinary action or a limitation or restriction on

Dr. Kurtz entered into an agreement with another physician in which that physician allegedly became the owner of Hooper & Burnette; however, that physician paid nothing to become the owner, and in fact, was paid $5,000 for his name to appear on ownership documents. For all intents and purposes that physician became a straw owner of the practice. In turn, Dr. Kurtz maintained full ownership over all the practice's assets, including the practice's medical records, and exercised operational control over the practice, including, but not limited to, hiring all clinicians, ordering medical supplies, and deciding clinical matters.

Dr. Kurtz entered into an agreement with another physician in which that physician allegedly became the owner of Hooper & Burnette; however, that physician paid nothing to become the owner, and in fact, was paid $5,000 for his name to appear on ownership documents. For all intents and purposes that physician became a straw owner of the practice. In turn, Dr. Kurtz maintained full ownership over all the practice's assets, including the practice's medical records, and exercised operational control over the practice, including, but not limited to, hiring all clinicians, ordering medical supplies, and deciding clinical matters.

Many Victories Go Unseen



[redacted]

December 13, 2024

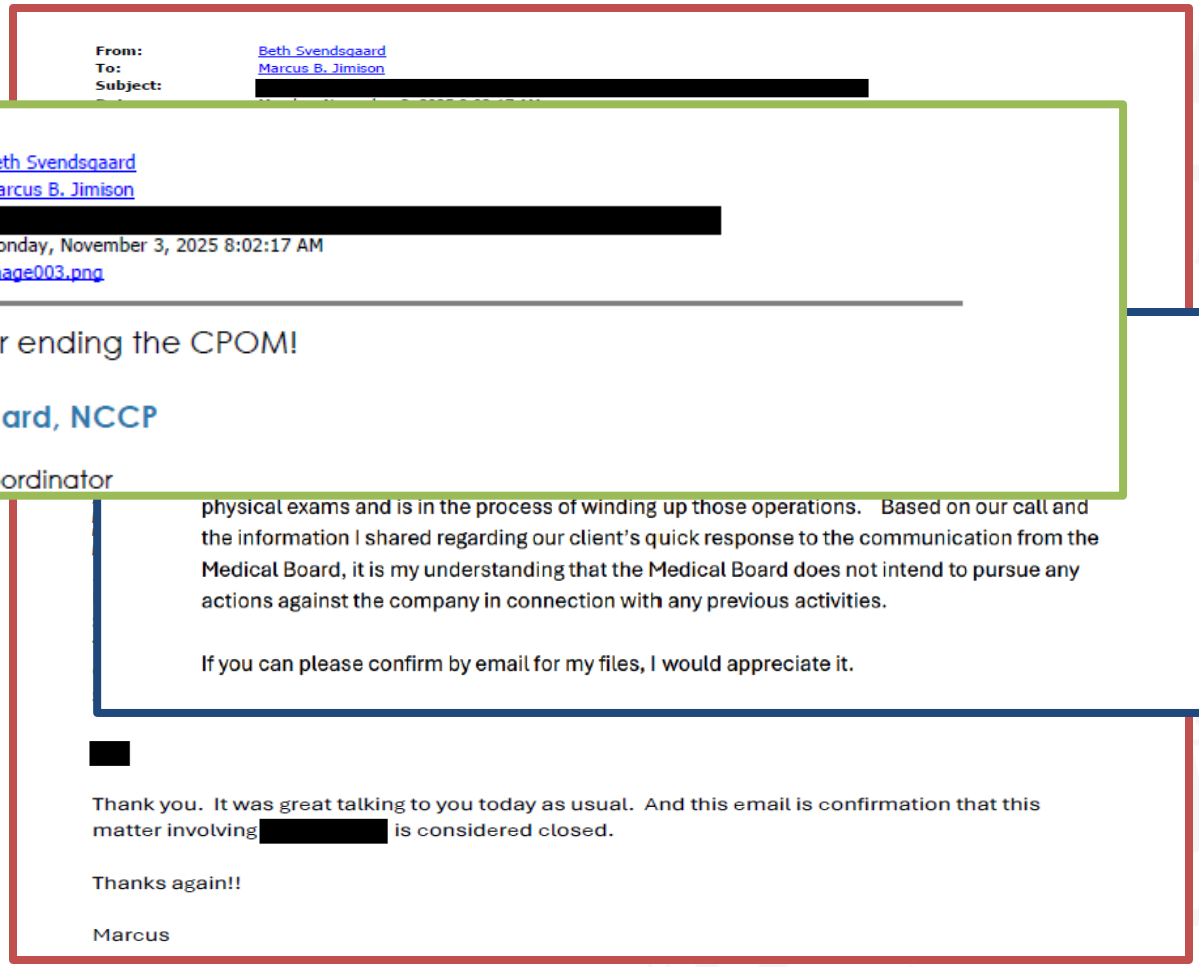
VIA ELECTRONIC (marcus.jiminson@ncmedboard.org)
PRIVILEGED AND CONFIDENTIAL
North Carolina Medical Board
Attn: Marcus Jimison, Deputy General Counsel
3127 Smoketree Court
Raleigh, NC 27604

Re: [redacted]

[redacted] propose that the pending cases against them are dismisse
non-disciplinary, confidential Letters of Concern, with a commitment that they will proc
responsibly close the [redacted] currently operating in Charlotte, North Carolina no later than
31, 2025. This timeline allows for a structured and ethical wind-down of operations, ensuring no
abandonment and providing patients with adequate notice to secure alternative care. [redacted]

[redacted] propose that the pending cases against them are dismissed with non-disciplinary, confidential Letters of Concern, with a commitment that they will proceed to responsibly close the [redacted] currently operating in Charlotte, North Carolina no later than March 31, 2025. This timeline allows for a structured and ethical wind-down of operations, ensuring no patient abandonment and providing patients with adequate notice to secure alternative care. [redacted]

Another Win for Ending CPOM



From: Beth Svendsgaard
To: Marcus B. Jimison
Subject: [redacted]

From: Beth Svendsgaard
To: Marcus B. Jimison
Subject: [redacted]
Date: Monday, November 3, 2025 8:02:17 AM
Attachments: image003.png

Another win for ending the CPOM!

Beth Svendsgaard, NCCP
Senior Paralegal
APP/AHC Staff Coordinator

physical exams and is in the process of winding up those operations. Based on our call and the information I shared regarding our client's quick response to the communication from the Medical Board, it is my understanding that the Medical Board does not intend to pursue any actions against the company in connection with any previous activities.

If you can please confirm by email for my files, I would appreciate it.

[redacted]

Thank you. It was great talking to you today as usual. And this email is confirmation that this matter involving [redacted] is considered closed.

Thanks again!!

Marcus

CPOM Can be Criminal

- United States v. Gabinskaya, 829 F.3d 127 (2nd Cir. 2016).
- New York law required medical PCs to be owned by licensed physicians. "A professional service corporation may issue shares only to individuals who are authorized by law to practice in this state a profession which such corporation is authorized to practice ."
- Gabinskaya, a licensed physician, held herself out as the owner of a PC, and represented herself as such on claims submitted by Clearview. While Gabinskaya was the owner on paper, the jury found that the true owners of the clinic were coconspirator nonphysicians, who actually controlled and operated Clearview, took the profits from its operation, and bore the risk of loss.
- a factfinder in a criminal case may properly consider factors beyond formal indicia of ownership in determining ownership under New York's no-fault insurance laws
- Where "unlicensed defendants paid physicians to use their names on paperwork filed with the State to establish medical service corporations," and "nonphysicians actually operated the companies," the physicians were not the true owners of the PC, and the arrangement constituted fraud.

We Have Obtained Injunctions Albeit a Long Time Ago (Thank you FTC)

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
No. 11 CVS 2586

Nor

Myr
Sib

Cou

Med

LLC.

2. Although Ms. Preston specifically denies that she practiced medicine in North Carolina without a license, Ms. Preston agrees, solely for purposes of this Consent Order, that the Board has evidence it can present to the Court from which

the Court can conclude that Ms. Preston did in fact practice medicine without a license in violation of N.C. Gen. Stat. §90-18.

We Have Obtained Injunctions Albeit a Long Time Ago (Thank you FTC)

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

FILED

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

WHEREFORE, having reviewed and considered the pleadings, memoranda, admissions, and arguments of Defendant Huntsberry and counsel for the Plaintiff, it is ordered, adjudged and decreed that:

1. Defendants, having used lasers for the purpose of tattoo removal, have engaged in the unlicensed practice of medicine and surgery; and

2. Plaintiff's Motion for Summary Judgment is ALLOWED; and

Court upon Plaintiff's Motion for Summary Judgment seeking declaratory and injunctive relief and pursuant to Rule 56 of the North Carolina Rules of Civil Procedure. Plaintiff seeks a declaration that Defendants are engaged in the unauthorized and unlicensed practice of medicine

Building Your Case

What's a Friendly PLLC, Anyway?

- Red flags in MSO agreements suggesting undue lay influence or ownership:
- Control, ownership, possession of medical records.
- Restrictions on shareholder conveyance.
- Sweep accounts; accounts solely in the name and control of MSO.
- Excessive management fee; or fee based on percentage of revenue.
- Non-compete covenants.
- Hiring of clinical staff by MSO.
- Any provision that allows lay influence or control over professional services.

Oh No, Not the NC Dental Board Again! (don't worry it's not that)
21 NCAC 16X .0101

- **(c) No management arrangement shall provide for or permit any of the following:**
- **(1) direct or indirect ownership of, or control over clinical aspects of, the dental practice**
- **(2) ownership or exclusive control of patient records by a management company;**
- **(3) direct or indirect control over, or input into, the clinical practices of the professional entity or its dentists or ancillary personnel by a management company;**
- **(4) direct or indirect control over the hiring and firing of clinical personnel**
- **(5) authority in the management company to enter into or approve any contract or other arrangement, or material terms of such contract or arrangement, between the professional entity and a dentist for the provision of dental services or the requirement that the management company or related person approve or give input into such contract or arrangement;**
- **(6) direct or indirect control over the transfer of ownership interests in the professional entity by a management company**
- **(7) payment to the management company of anything of value based on a formula that will foreseeably increase or decrease because of the increase or decrease in profitability, gross revenues or net revenues of the dentist or professional entity; or**
- **(8) payments to the management company that, at the time of execution of an agreement as required under Paragraph (b) of this Rule, are likely, foreseeably and purposely in excess of the likely profits of the professional entity not taking into account the compensation to be paid to the management company under the management arrangement.**

What's a Presentation without a Top 10 List?

10. "I just signed up to be the medical director, then my accountant told me I owned the practice."
9. "How do I get there?" (to the practice he owned).
8. "This is the first time I've been here."
7. "Who owns the practice?" "Well, that's a good question."
6. "I work for the chiropractor, it's his practice."
5. "I came to work and was locked out."
4. "I'm not the owner."
3. "How long do we have to hire a new owner?" (office manager)
2. "I was not in charge of anything. I was just coming in."
1. "They do what?"

Questions to Ask, Documents

- How much did you pay for the practice?
- Check the website.
- Who started the practice? Is it a franchise?
- Stipend, salary, irregular income?
- Are they there or are remote? Do they even know where the practice is? Have they been there?
- Can they open another practice or close the existing practice?
- Can they sell their shares to whomever they choose?
- Obtain all contracts and correspondence with MSO.
- Corporate and Individual tax returns.
- Does the physician describe himself or herself as the owner or medical director?

The Most Important Thing

BEFORE THE
NORTH CAROLINA MEDICAL BOARD

ORDER TO PRODUCE RECORDS, DOCUMENTS, AND OTHER MATERIALS

To: [redacted] MD
Address: [redacted]
Fax/Email: [redacted]

Re: Order to Produce Records, Documents, and Other Materials

YOU ARE HEREBY ORDERED TO PRODUCE before the North Carolina Medical Board ("Board"), or its representative, the following documents in your custody or under your control, at the time and place hereinafter set forth:

1. **Copy of W-2 forms for 2022 and 2023 for** [redacted] **PLLC and** [redacted] **LLC**
2. **Copy of 2022 and 2023 Federal Tax Returns of Dr.** [redacted]
3. **Copy of current Employment Contract between Dr.** [redacted]
4. **Copy of all profit/loss statements, as well as itemized expenses for** [redacted] **for the past three (3) years**
5. **Any management service agreements according to** [redacted]

The Board requests that you certify that all documents produced are true and accurate copies of those documents maintained by you. The Board requests and prefers that all documents be produced in an electronic format. Optical Character Recognition ("OCR") in Adobe pdf file format is requested and preferred.

Place and time to produce Documents Please provide the requested documents to the attention of: Investigator Ernest Kirchin, North Carolina Medical Board **within 21 days** of receipt of this Order to Produce by one of the following methods:

1. Email to: ernie.kirchin@ncmedboard.org
2. U.S. Mail to P.O. Box 2394, Salisbury, NC 28145

There's Money in This

2022

[redacted]

Revenues	
Net revenues, net of refunds and financing fees	16,818,576.46
Interest revenue	0.00
Total revenue	16,818,576.46
Net income (loss)	10,938,763.27
Other income (expense)	
Interest expense	0.00
Other, net	(2,200.60)
Total other expense	(2,200.60)
Net income (loss)	10,938,763.27

There's Money in This

[redacted]

2023

[redacted]

Revenues	
Net revenues, net of refunds and financing fees	22,844,606.11
Interest revenue	0.00
Total revenue	22,844,606.11

Net income (loss) 15,294,236.34

Total costs and expenses	7,550,369.77
Operating income (loss)	15,294,236.34
Other income (expense)	
Interest expense	0.00
Other, net	0.00
Total other expense	0.00
Net income (loss)	15,294,236.34

There's Money in This

2024

[redacted]

[redacted]

Revenues	
Net revenues, net of refunds and financing fees	26,530,302.36
Interest revenue	73,293.10
Total revenue	26,603,595.46

Net income (loss) [redacted] 16,795,376.31

Operating income (loss)	16,795,376.31
Other income (expense)	
Interest expense	0.00
Other, net	0.00
Total other expense	0.00
Net income (loss)	16,795,376.31

Fair Market Value is We Take Everything

d. Management Fee. Provider's Revenues shall next be applied to pay Manager an annual management fee (the "Management Fee") equal to the Provider's Revenues less the Refunds, Provider Expenses and Manager Expenses. Provider and Manager agree that payment of the Management Fee is not intended and shall not be interpreted as permitting Manager to share in Provider's fees for medical services, but are acknowledged as the parties' negotiated agreement as to the reasonable fair market value of Manager's services under this Agreement.

Profit and Loss Statements Tell the Story

For Management Use Only

Healthmed PC
Profit & Loss
January through December 2013

	Jan - Dec 13
Ordinary Income/Expense	
Income	
Capitation Fees	5,096.32
Sales	
Refunds	-2,923.27
Sales - Other	946,816.62
Total Sales	943,893.35
Total Income	948,989.67
Expense	
Advertising and Promotion	
Marketing Expense	21,000.00
Total Advertising and Promotion	21,000.00
Bank Service Charges	
Merchant Fees	952.22
Bank Service Charges - Other	10.00
Total Bank Service Charges	962.22
Contract Labor	37,525.38
Laboratory Fees	150.00
Lease	24,500.00
Payroll Expenses	
Health Insurance Reimbursement	12,000.00
Payroll Taxes & Fees	14,797.19
Salaries & Wages	184,125.00
Total Payroll Expenses	210,922.19
Professional Fees	
Billing Services	770.50
Consulting Expense	50,918.24
Legal	10,320.00
Management Fees	460,766.76
Operating	3,600.00
Staff Management Fees	66,990.00
Total Professional Fees	593,365.50
Rent Expense	11,562.51
Supplies	22,500.00
Total Expense	922,487.80
Net Ordinary Income	26,501.87
Other Income/Expense	
Other Income	
Interest Income	25.73
Total Other Income	25.73
Net Other Income	25.73
Net Income	26,527.60

Final Thoughts

Start With It is the Law

- Regardless of the debate about its policy rationale, CPOM is the law in most states and has been for decades, and as such should be enforced.
- Lay owned Doc in a box establishments are and will always be a threat to the public. These illegal practices increase health risks to the public and they're doing so for the money. This is where boards play a critical role.
- There is no such thing as a "friendly PLLC." Straw ownership is fraudulent, illegal, and dangerous. To this end, there is an opportunity for rule-making and legislation to clarify what is permissible and what is not.
- The war between private equity and the corporate practice doctrine will be fought out in the courts and in legislatures by big monied parties seeking economic advantages. It will not be a medical board fight.
- What you do is important, thankless, and your victories will never be celebrated. Yet, your actions, decisions, and outcomes will always be second guessed and questioned. But keep fighting the good fight.

Questions?