



COMPLIANCE BULLETIN

SUPPORTING HIGH QUALITY SERVICES THROUGH HIGH QUALITY STANDARDS

Bulletin #26

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CORPORATE PRACTICE OF MEDICINE

California Business and Professions Code §2400 prohibits, with very limited exceptions, lay individuals, corporations and organizations from practicing medicine. Therefore, an entity that is not a professional corporation or partnership is generally prohibited from hiring physicians (including psychiatrists) as salaried employees to provide direct medical services to patients.

When reviewing budgets for contracts and contract amendments, it is important that you conduct a thorough review to ensure no physicians who provide direct client services are budgeted as employees in violation of State law.

If the contractor indicates that a physician falls into one of the exceptions to the corporate practice of medicine prohibition, please contact the Compliance Office for assistance prior to approving the budget.

If you have any questions, if you wish to discuss a particular situation, please contact the Compliance Office at 619.515.4246.

“An ethical workplace is your right...and your responsibility”

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COUNTY OF SAN DIEGO
 **HHSA**
HEALTH AND HUMAN SERVICES AGENCY