



# Michigan Osteopathic Association

December 28, 2023

The Honorable Dana Nessel  
Attorney General  
G. Mennen Williams Building  
525 W. Ottawa Street  
P.O. Box 30212  
Lansing, Michigan 48909

Dear Attorney General Nessel,

We are writing on behalf of the members of the Michigan Osteopathic Association to request that your office investigate and take action enforcing Michigan's laws prohibiting the corporate practice of medicine. These laws consist of Attorney General Opinion No. 6770 and No. 5676, Chapter 2A of Michigan's Business Corporation Act and Sections 901 – 910 of Michigan's Limited Liability Company Act. They are often collectively referred to as the "Corporate Practice of Medicine Doctrine". Generally, the Corporate Practice of Medicine Doctrine makes it illegal for an entity to employ or independently contract with physicians to provide medical services for which a medical license is required. Exceptions to the prohibition have been created for professional corporations, professional limited liability companies, and corporations organized under Michigan's Nonprofit Corporation Act.

The rationale for this prohibition on for profit entities not owned by physicians providing medical services is that the practice of medicine by physicians employed or engaged by entities controlled by lay persons comes with the inherent risk that professional judgement will be commercialized and motivated by profit instead of providing the required standard of care to patients. This is detrimental to the public.

Physicians are concerned with the health of their patients – diagnosis, treatment and management of chronic conditions. To become licensed, physicians go through many years of rigorous training. They prove themselves by examination and certification on an ongoing basis, and are subject to scrutiny from licensing bodies, medical staffs, payers, professional bodies, and their patients.

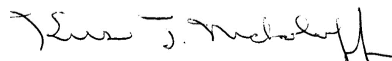
The acquisition of medical practices by private equity and other entities controlled by nonphysicians is a growing trend in Michigan. The transactions are structured such that the professional corporation, professional limited liability company or nonprofit is owned by a licensed physician(s) in name only. Through ownership of assets, management agreements, buy-sell terms contained in shareholder or operating agreements, and other contractual terms the physicians are owners in name only. Control of the medical care provided by such entities is vested with nonphysician managers, lenders, lessors, etc.

Allowing the corporate practice of medicine doctrine to be avoided in these entity structures is both illegal and ultimately dangerous to the public. These private equity entities and other nonphysician owners of physician practices are accountable to no one other than their investors. Instead of being liable and otherwise accountable for the care and well-being of the patients they serve, they are motivated by profit, cash flow, dividend recapitalizations, roll ups, sales, and other liquidity events.

The Michigan Osteopathic Association requests that your office investigate transactions that have occurred and are occurring in Michigan resulting in illusory physician ownership of professional corporations, professional limited liability companies and nonprofit corporations. We believe that where nonphysicians effectively control the delivery of physician services the law is being broken. We stand ready to discuss this matter further with you or others in your office and to provide you with whatever assistance we can.



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