



State of West Virginia *Board of Medicine*

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Position Statement on the Corporate Practice of Medicine

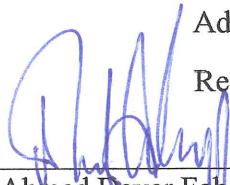
The West Virginia Medical Practice Act incorporates explicit prohibitions upon the corporate practice of medicine which are intended to ensure physician autonomy in medical decision making. Certain exceptions to the prohibition of the corporate practice of medicine have been recognized by the courts in West Virginia. For example, it has long been held that a non-profit hospital which contracts with physicians to provide medical services at the corporation's facilities is not practicing medicine without a license or appropriate authorization. This business structure, along with other organizational structures for the delivery of health care in West Virginia have been developed in an effort to improve the quality of healthcare available to citizens of this state.

Medical and podiatric corporations may not practice medicine and surgery or podiatry without obtaining and maintaining a certificate of authorization from the Board. West Virginia Code §30-3-15 sets forth the requirements for obtaining a certificate of authorization for a medical or podiatric corporation. In keeping with the State's policy on the corporate practice of medicine, all shareholders of Medical Corporations must be licensed physicians or podiatrists.

When a corporation seeks to obtain authorization as a medical or podiatric corporation, it must identify all shareholders, and must indicate whether any of the shareholders are nominee shareholders. In the event that a corporation seeking authorization as a medical or podiatric corporation utilizes the beneficial/nominee shareholder structure, the identity of all beneficial shareholders must be fully disclosed. If a beneficial shareholder is not a licensed physician or podiatrist, the prohibition upon the corporate practice of medicine precludes the authorization of the corporation as a medical or podiatric corporation unless the beneficial shareholder is a nonprofit organization, such as a nonprofit hospital, which has been determined by a court of competent jurisdiction or provision of state law not to violate the prohibition on the corporate practice of medicine.

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