

## **Long Term Care and Seniors Housing Law Update**

**05/09/2011**

### **Governor Signs New Law Allowing Nursing Homes to Employ Physicians in Washington**

Nursing homes in Washington will, for the first time, be allowed to directly employ staff physicians as a result of a bill that Governor Christine Gregoire signed last week.

The new law, drafted with the assistance of Lane Powell, creates an exception to what is known as the “corporate practice of medicine” doctrine – a doctrine that generally prohibits physicians (and other professionals) from being employed by non-professional corporations. The prohibition is rooted in a longstanding principle that professionals should not be focused on corporate profits or subject to control by nonprofessionals. Historically, this has forced most Washington physicians to practice solely as part of physician-owned companies, and accordingly, nursing homes have provided medical services to their residents only through outside independent physicians.

Washington was not alone in its ban on physician employment. However, those states permitting physician employment have shown an ability to offer improved efficiency in providing medical services, greater expertise in elder care and more consistent medical services.

Presented with these positive experiences from other states, the Washington Legislature unanimously passed SHB 1315 to permit physician employment under the following conditions:

- The nursing home may not in any manner, directly or indirectly, supplant, diminish, or regulate any employed physician's judgment concerning the practice of medicine or the diagnosis and treatment of any patient; and
- The employed physicians may provide professional services only to residents of commonly-owned nursing homes or a commonly-owned assisted living facility on the same campus.

The new law takes effect on July 22, and, once implemented, requires the Department of Social and Health Services to monitor the customer satisfaction and medical cost implications of this physician employment and report back to the Legislature in 2013.

The passage of SHB 1315 is being seen as a victory for nursing homes, as it provides another tool for facilities to control costs through improved efficiency while at the same time providing higher quality services to residents.

**For more information, please contact the Long Term Care and Seniors Housing Practice Group at Lane Powell: [longtermcareandseniorshousing@lanepowell.com](mailto:longtermcareandseniorshousing@lanepowell.com)**

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