

Fiscal Note & Local Impact Statement

123rd General Assembly of Ohio

BILL: Sub. S.B. 56

DATE: April 13, 1999

STATUS: As Passed by the Senate

SPONSOR: Sen. White

LOCAL IMPACT STATEMENT REQUIRED: No — No local cost

CONTENTS: Permits rural hospitals to employ physicians.

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- Under Chapters 339. and 749. of the Revised Code, city and county owned hospitals are already permitted to hire physicians and pay them appropriate compensation. Therefore, this bill will have no local government fiscal effect.



Detailed Fiscal Analysis

According to 1990 U.S. Census Bureau figures, seventy counties in Ohio had populations below 125,000 and would qualify as rural counties under this bill. Under existing statutes, city and county owned hospitals may employ physicians. Under current law, non-public hospitals may not directly hire physicians due to the ban on the corporate practice of medicine.¹ The ban has been in existence since the early part of the 20th Century. The origins of the prohibition lay in the fear that business decisions would affect the judgements of physicians if their loyalties were with the hospital and not the patient. To allay these fears, this bill expressly states that no facility shall control the professional clinical judgement exercised by a physician in rendering care, treatment, or professional advice to an individual patient.

Generally, hospitals will grant clinical privileges to doctors that operate in the hospital. The doctor technically is not an employee of the facility and will separately send a bill for services. This bill exempts physicians employed by rural hospitals from the prohibition on division of fees or from receiving a thing of value in return for a specific referral of a patient to utilize a particular service or business.

This bill also enacts a new section of the Medical Practice Act (ORC 4731.) that deals with the issue of unlicensed practice of medicine. Section 4731.31, as contained in the bill, states that rural facilities that employ physicians are not practicing medicine without a license.

□ *LBO staff Jeffrey M. Rosa, Budget/Policy Analyst*

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¹ Section 749.15(A) for cities and Section 339.06(F) for counties.