

Corporate Practice of Medicine Compliance Checklist

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A corporate practice of medicine compliance checklist is an essential tool for healthcare organizations to ensure they follow all applicable CPOM laws and regulations. This checklist helps medical practices, professional corporations, and healthcare organizations maintain compliance with state law, protect patients, and safeguard the practice's reputation. The most important aspects of CPOM compliance include preventing non-physician staff or corporate entities from influencing clinical decisions, ensuring licensed physicians make all medical decisions, and adhering to key OSHA standards, such as the bloodborne pathogen standard and the ionizing radiation standard.

This post provides healthcare organizations, medical practices, and compliance officers with a detailed guide to corporate practice of medicine (CPOM) compliance. You'll learn about state-specific CPOM laws, common compliance issues, and best practices for maintaining adherence to regulatory requirements.

What is the Corporate Practice of Medicine?

The corporate practice of medicine (CPOM) refers to state laws that prohibit non-physicians or corporate entities from owning or controlling medical practices in a way that influences clinical decisions. These laws exist to ensure that licensed physicians maintain full authority over patient care, treatment plans, and medical decisions, preventing outside business interests from compromising the quality of healthcare services.

CPOM is the legal doctrine that restricts corporate influence over healthcare practice management, requiring that medical services and clinical decisions remain under the control of licensed physicians. This doctrine applies to a wide range of healthcare organizations, from single-physician offices to large medical groups.

CPOM laws originated in the early 20th century to protect patients from financial or commercial pressures in medical care. The main goal is to make sure that healthcare organizations and business owners don't put making money ahead of patient care, and that medical decisions are based only on clinical judgment.

States with strict CPOM enforcement include California, Texas, New York, and Illinois, among others. These states closely monitor corporate ownership of medical practices, emphasizing the importance of compliance programs to prevent violations.

Violations of CPOM laws can occur when non-physician staff or corporate executives influence treatment plans, refer patients in ways that favor financial gain, or dictate clinical decisions. Penalties can include fines, revocation of medical licenses, and legal action that could jeopardize a practice's reputation and patient care standards.

Who Needs a CPOM Compliance Checklist?

Using a CPOM compliance checklist helps these organizations implement effective compliance programs, maintain thorough documentation, provide necessary employee training, and mitigate potential regulatory and legal risks. A corporate practice of medicine compliance checklist is essential for healthcare organizations that face CPOM risks, including:

- **Medical practices owned by non-physicians:** Ensures business owners don't improperly influence clinical decisions.
- **Private equity or corporate-owned healthcare groups:** Helps large organizations navigate complex CPOM regulations and maintain legal compliance.
- **Multi-specialty practices:** Provides guidance on managing diverse medical specialties while protecting patient care and adhering to state law.
- **Telehealth companies expanding across state lines:** Ensures compliance with varying CPOM requirements and protects licensed physicians from regulatory risks.

Corporate Practice of Medicine Compliance Checklist

A corporate practice of medicine compliance checklist is an essential guide for healthcare organizations, medical practices, and compliance officers to navigate CPOM laws and maintain ethical, legal, and safe medical operations. This checklist ensures that physician authority is preserved in clinical decision-making, non-physician staff do not improperly influence patient care, and regulatory and OSHA requirements are met. Healthcare organizations can prevent compliance issues, reduce regulatory risks, and safeguard both patient care and the practice's reputation by using a CPOM compliance checklist.

1. Understand State-Specific CPOM Requirements

For instance, California and Texas enforce CPOM doctrines strictly, while other states may allow more flexibility. A thorough review of these requirements, along with any recent updates or legal changes, ensures your practice avoids violations that could lead to fines, loss of licensure, or other penalties. Keeping current with state-specific CPOM laws also helps healthcare organizations align their corporate and clinical operations with regulatory expectations.

2. Clarify Roles of Key Team Members

Clear role definition is critical for CPOM compliance. All physician owners, administrators, managers, and support staff should understand their responsibilities, particularly in separating clinical decisions from business operations.

Physicians must retain ultimate authority over treatment plans and patient care, while administrative staff manage operations, finances, and regulatory documentation. Including outside consultants or advisors in this structure requires caution to ensure they do not influence medical decisions. Properly defining roles protects the practice from CPOM violations and reinforces the integrity of clinical decision-making.

3. Confirm Physician Ownership Needs

Compliance with CPOM laws often requires that physicians hold majority ownership of the medical practice. Practices structured as professional corporations (PCs), limited liability companies (LLCs), or hospital affiliations must review ownership arrangements to confirm they meet state CPOM requirements.

Non-compliant ownership structures, where non-physician investors control the practice or influence clinical decisions, can result in significant legal and financial consequences. Ensuring proper physician ownership safeguards the practice against regulatory risks and protects patient care from undue corporate influence.

4. Set Up or Audit Professional Corporation Structures

Healthcare organizations should either establish or periodically audit their professional corporation structures to ensure compliance with CPOM laws. This includes verifying that entity registration is accurate, bylaws reflect physician authority over

medical care, and corporate governance aligns with state-specific CPOM rules.

Auditing these structures ensures that physicians retain full control over clinical decision-making while the business side operates within legal boundaries. Properly structured professional corporations also support compliance documentation, which is essential during legal reviews, audits, or inspections.

5. Maintain Separation Between Clinical and Business Operations

Maintaining a clear separation between administrative oversight and clinical decisions is one of the most important aspects of CPOM compliance. Administrative staff should focus on operational, financial, and regulatory responsibilities, while physicians make all medical decisions.

Documenting workflows, training employees on their scope of authority, and implementing written policies and procedures help prevent inadvertent interference. Compliance programs, hazard communication standards, exposure control plans, and adherence to OSHA regulations like the bloodborne pathogens standard further reinforce a compliant and safe healthcare environment.

6. Create Management Services Agreements with Legal Input

Healthcare organizations should develop management services agreements (MSAs) that define the responsibilities and limits of administrative managers. These agreements must ensure that non-physician managers handle only operational, financial, and administrative functions, without influencing medical decisions or patient care.

It is critical to have legal counsel review all agreements to confirm compliance with state CPOM laws, federal regulations such as the Stark Law and Anti-Kickback Statute, and other applicable standards. Properly drafted MSAs help safeguard the practice from regulatory risks while establishing accountability and clear boundaries between clinical and business operations.

7. Periodically Review Agreements for Compliance

CPOM compliance is an ongoing responsibility, and healthcare organizations should regularly review all contracts and agreements to ensure they do not grant corporate control over clinical decisions. Financial arrangements, management terms, and operational roles should be updated as needed to reflect changes in state law, clinical structure, or business strategy. Documenting each review and maintaining records of amendments enhances accountability and demonstrates a commitment to regulatory compliance, supporting the practice's reputation and protecting patient care.

8. Define Physician Responsibilities Clearly

Every CPOM compliance program should include a clear outline of physician responsibilities. This includes authority over clinical decisions, oversight of treatment plans, and monitoring compliance with medical and safety regulations.

Physicians should also be assigned duties for reviewing clinical protocols, ensuring adherence to OSHA standards like bloodborne pathogens and ionizing radiation, and overseeing proper documentation of medical records. Clearly defining these responsibilities prevents ambiguity, reduces regulatory risk, and ensures that patient care decisions remain under licensed physician control.

9. Clarify Non-Physician Staff Duties

Non-physician employees, including administrative staff, office managers, and business consultants, should have well-defined duties that focus on operational and administrative functions. Boundaries must be established to prevent interference with medical decisions, treatment plans, or patient care protocols.

Staff should also understand compliance-related responsibilities, including following safety procedures, using personal protective equipment (PPE), and adhering to written hazard communication and exposure control programs. Proper role

delineation reinforces CPOM compliance and maintains the integrity of the healthcare practice.

10. Align Clinical Protocols with Regulations

Clinical protocols and patient care guidelines must comply with both state CPOM laws and federal regulations. Practices should document standard treatment plans, quality measures, and clinical workflows while ensuring they meet legal and regulatory requirements.

Regularly reviewing these protocols ensures that updates to medical standards, safety regulations, or OSHA requirements are incorporated into everyday operations. Documented review processes help protect patients, reinforce compliance practices, and support thorough recordkeeping for audits or legal reviews.

11. Implement Internal Compliance Controls

Healthcare organizations should implement internal controls to monitor adherence to CPOM requirements continuously. This may include compliance dashboards, tracking logs, or automated reporting systems that identify potential violations.

Corrective actions should be taken proactively whenever non-compliance issues are detected, such as deviations from clinical authority, improper administrative influence, or safety hazards. A robust internal compliance program protects the practice from legal exposure and reinforces a culture of regulatory adherence and patient safety.

12. Schedule Regular Compliance Audits

Regular audits are essential for both clinical and administrative operations to ensure ongoing CPOM compliance. These audits should document findings, identify gaps, and outline corrective actions with assigned accountability.

Periodic reviews provide an objective evaluation of the practice's adherence to state law, OSHA standards, and corporate policies, helping to prevent compliance issues before they escalate. Documented audits also demonstrate a commitment to patient care, safety, and regulatory excellence, which strengthens the practice's reputation.

13. Educate Staff on Compliance Standards

Continuous staff education is critical to maintaining CPOM compliance. Onboarding sessions and regular refresher training should cover clinical authority, administrative boundaries, OSHA requirements, exposure control plans, hazard communication standards, and reporting obligations.

Providing real-life examples and scenarios enhances understanding, reinforces proper procedures, and encourages staff to escalate issues when necessary. Well-trained employees are a cornerstone of compliance, helping to protect patient care, maintain regulatory adherence, and uphold the organization's reputation.

14. Work with Experienced Legal Counsel

Engaging attorneys with expertise in corporate practice of medicine (CPOM) laws is essential for any healthcare organization. Legal counsel can provide guidance during practice expansions, acquisitions, or updates to management services and employment contracts, ensuring all actions remain compliant with state-specific CPOM regulations. Documenting legal advice and confirming follow-through on recommendations helps protect the practice from regulatory violations, enforces proper corporate governance, and reinforces physician authority over clinical decisions.

15. Partner with Credentialing, Billing, and Accounting Experts

Healthcare organizations should work closely with external partners such as credentialing, billing, and accounting specialists to maintain CPOM compliance. These partners must adhere to guidelines that prevent corporate or financial influence over clinical decision-making. Maintaining proper documentation of their activities ensures accountability and supports thorough

records for audits, legal reviews, and regulatory inspections, protecting both patient care and the practice's reputation.

16. Monitor Changes in Laws Continuously

CPOM compliance requires ongoing awareness of legal and regulatory changes. Healthcare organizations should subscribe to updates from state medical boards, federal regulators, and industry associations to track relevant CPOM and healthcare law developments. Internal policies and procedures should be revised promptly in response to new regulations or guidance, ensuring that the practice remains compliant and that compliance officers and staff are informed of any adjustments to clinical or administrative responsibilities.

17. Update Internal Procedures Regularly

Internal policies and procedures should be reviewed at least annually or more frequently as needed to reflect changes in CPOM requirements, OSHA standards, or operational practices. Integrating new legal, regulatory, or operational updates ensures that the medical office maintains compliance with state law and federal regulations. Staff must be informed of revisions through training or written communication to reinforce adherence and prevent compliance issues in both clinical and administrative operations.

18. Adjust Agreements and Contracts Over Time

Periodically reassess management services agreements, employment contracts, and vendor agreements to ensure alignment with evolving CPOM regulations. Updates may be required to address changes in ownership, staffing, corporate structure, or state-specific laws. Clear documentation of all revisions demonstrates diligence in maintaining compliance, supports regulatory reviews, and reduces the risk of legal exposure or penalties.

19. Keep Detailed Records of Compliance Efforts

Thorough documentation is a cornerstone of CPOM compliance. Practices should maintain records of audits, training sessions, policy updates, approvals, and corrective actions.

Keeping detailed compliance records ensures that regulatory authorities can review the practice's adherence to CPOM laws, OSHA standards, hazard communication programs, and internal procedures. These records also support accountability within the organization and provide evidence of proactive risk management.

20. Establish Communication Channels for Compliance Issues

Healthcare organizations must create clear communication channels for reporting potential CPOM or regulatory violations. Staff should know the proper procedures for escalating issues, while designated personnel must be assigned to investigate and resolve reported concerns. Establishing defined steps for corrective action and resolution prevents non-compliance from escalating and fosters a culture of accountability, safety, and adherence to compliance practices.

21. Ensure Telemedicine Practices Follow Regulations

With the expansion of telehealth services, healthcare organizations must verify that telemedicine operations comply with both state and federal regulations. This includes confirming physician licensing for cross-state practice, protecting patient data and privacy under HIPAA, and maintaining full physician oversight of remote medical care. Adhering to CPOM laws in telemedicine ensures that clinical decisions remain under the control of licensed physicians and prevents non-physician entities from influencing treatment plans or patient outcomes.

22. Maintain Up-to-Date Credentials for All Staff

All licensed physicians, physician assistants, and relevant medical personnel must maintain current credentials, certifications, and licenses. Practices should track renewals, organize records for audits, and implement reminder systems for upcoming expirations. Ensuring that all medical staff maintain proper credentials supports CPOM compliance, reinforces patient safety,

and protects the practice during regulatory inspections.

23. Protect Against Non-Physician Interference in Clinical Decisions

Preventing non-physician influence on patient care is a core element of CPOM compliance. Implementing whistleblower policies, separating financial incentives from medical judgment, and monitoring administrative interactions with physicians help safeguard clinical autonomy. These measures protect patients from inappropriate business-driven influences, reinforce regulatory adherence, and maintain the integrity of treatment plans and medical decisions.

24. Monitor Financial Arrangements for Legal Compliance

Healthcare organizations must ensure that all financial arrangements comply with CPOM laws and federal statutes such as the Stark Law and Anti-Kickback Statute. Improper fee-splitting, profit-sharing, or non-compliant physician compensation can expose a practice to severe penalties. Regular audits of contracts, compensation structures, and financial agreements help prevent violations, maintain regulatory compliance, and protect the practice's reputation.

25. Create a Staff Compliance Reporting System

An effective reporting system allows staff to report potential CPOM or compliance concerns safely and efficiently. Anonymous reporting options, prompt follow-up, and thorough documentation of all reports and resolutions ensure that issues are addressed proactively. These systems strengthen accountability, cultivate a compliance culture, and assist in preventing minor issues from turning into significant regulatory or legal breaches.

26. Manage Compliance During Mergers and Expansions

During mergers, acquisitions, or expansion into new markets, healthcare organizations must conduct thorough CPOM due diligence. Ensuring that physician control is maintained over clinical decisions is critical, even when incorporating new entities. Internal policies and compliance procedures should be updated post-merger to reflect any operational or structural changes, maintaining regulatory adherence and protecting patient care standards.

27. Prepare Documentation for Audits and Inspections

Thorough documentation is essential for CPOM compliance, particularly during audits or regulatory inspections. Practices should keep organized records of contracts, compliance logs, training sessions, and management activities. Quick access to comprehensive documentation demonstrates a commitment to regulatory compliance, provides evidence of proactive risk management, and helps maintain the practice's reputation and credibility with regulators.

28. Ensure Marketing and Advertising Compliance

All marketing and advertising efforts must comply with CPOM laws and avoid implying corporate control over clinical decisions. Physician endorsements should be accurate and verifiable, and promotional materials must be reviewed to confirm legal compliance. Ensuring that marketing aligns with CPOM regulations protects the practice from misrepresentation, regulatory fines, and potential legal action, while maintaining trust with patients and the public.

Want to Secure Your Practice Against CPOM Risks?

Compliance with the corporate practice of medicine (CPOM) doctrine is critical to protecting your healthcare organization, medical staff, and patients. Adhering to CPOM laws ensures that physicians maintain authority over clinical decisions, prevents non-physician interference in patient care, and safeguards your practice from regulatory and legal risks. Healthcare organizations should regularly review and update their corporate practice of medicine compliance checklist, audit internal procedures, and stay informed of state-specific laws to maintain ongoing compliance.

FAQs

The following FAQs address common questions about the corporate practice of medicine doctrine, helping practices navigate

regulatory requirements and maintain compliance.

What Happens if a Medical Practice Violates CPOM Laws?

Violating CPOM laws can result in fines, legal penalties, and even revocation of medical licenses. It can also damage the practice's reputation and compromise patient care by allowing improper influence over clinical decisions.

Can a Non-Physician Own a Medical Practice Legally?

In most states with strict CPOM laws, non-physicians cannot own or control a medical practice in a way that influences clinical decisions. Exceptions may exist in states without the corporate practice of medicine doctrine, but ownership structures must still comply with federal laws and regulatory standards.

How Often Should a CPOM Compliance Checklist Be Updated?

A CPOM compliance checklist should be reviewed and updated at least annually or whenever there are significant changes in state laws, practice structure, or federal regulations. Regular updates ensure the practice remains compliant and protects both patients and licensed physicians.

What Are The Compliance Issues in Practice Management?

Compliance issues can include improper corporate influence over clinical decisions, failure to maintain proper documentation, non-adherence to OSHA standards, and violations of Stark Law or the Anti-Kickback Statute. Addressing these issues proactively helps protect patient care, regulatory compliance, and the practice's reputation.

Which States Allow Corporate Practice of Medicine?

States that follow the corporate practice of medicine doctrine strictly prohibit non-physicians from owning or controlling medical practices in ways that influence clinical decisions. Key examples include California, Texas, New York, Illinois, and Florida, among others, where healthcare organizations must structure ownership and operations to ensure licensed physicians retain authority over all medical decisions.