

How to Structure Your Medical Spa with Professional Medical Corporations and MSOs

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The rapid growth of the medical spa industry has led to an increase in regulatory scrutiny. Structuring a medical spa within compliant ownership models—such as Professional Medical Corporations (PMCs) and Management Services Organizations (MSOs)—is essential for legal operation. This guide explains how to legally structure a medical spa, including key considerations for ownership, control, and state-specific regulations.

Key Components of Structuring a Medical Spa

Structuring a compliant medical spa involves understanding scope-of-practice laws, corporate structure options, and management agreements. Below are practical strategies to ensure your medical spa aligns with state laws and operates within a legal framework.

1. Understanding the Corporate Practice of Medicine (CPOM) Doctrine

The Corporate Practice of Medicine (CPOM) doctrine restricts non-licensed individuals and entities from owning or controlling medical practices in many states. For medical spas, this means only licensed professionals can own and operate medical services.

- - **CPOM Restrictions and State Variations:** Each state has specific CPOM rules dictating who can own and control a medical spa. California, for example, enforces strict CPOM laws requiring licensed medical professionals to hold majority ownership. See [California's CPOM laws](#).
 - **Physician Ownership and Oversight:** Medical procedures offered at medical spas, such as injectables and IV hydration, are considered medical services in many states. This means a physician or similarly licensed professional must oversee and potentially own the medical aspect of the spa to comply with CPOM rules.
 - **Avoiding CPOM Violations:** Non-licensed business owners can face penalties if they control or influence medical decisions in a CPOM-regulated state. It's essential to understand state-specific rules to avoid fines or forced restructuring.

Case Study: *A medical spa in California, owned by a non-physician, faced regulatory penalties for CPOM violations. The business restructured by establishing a physician-owned PMC to comply with California's CPOM laws. See [CPOM regulations](#).*

Key Action: Verify CPOM requirements in your state and structure ownership to ensure that only licensed professionals

control the medical aspects of the spa.

2. Establishing a Professional Medical Corporation (PMC) for Medical Services

A Professional Medical Corporation (PMC) is a corporation owned by licensed medical professionals that can legally deliver medical services. Structuring the medical component of a spa as a PMC helps ensure compliance with state laws.

- - **PMC Ownership Requirements:** In states with CPOM laws, PMCs must be owned primarily by physicians or other licensed healthcare providers. Some states, like California, allow physicians to hold a minimum of 51% ownership in a PMC while permitting certain other licensed professionals to own the remaining 49%.
 - **Role of Physicians in PMCs:** Physicians in PMCs must maintain control over clinical decisions, while administrative and non-medical functions may be handled by other entities, such as MSOs. This ensures that medical decisions remain under licensed supervision.
 - **Compliance with State Corporate Requirements:** States like California have specific requirements regarding PMC ownership and operations. These requirements often prohibit non-medical professionals from having any control over patient care or clinical protocols.

Case Study: *A medical spa in California structured its operations as a PMC with a physician holding the majority share. This model complied with state CPOM laws, allowing the spa to offer medical services legally. See [guidance on California PMC structures](#).*

Key Action: If your medical spa provides medical services, establish a PMC owned by licensed professionals to comply with CPOM laws.

3. Implementing a Management Services Organization (MSO) Model

The Management Services Organization (MSO) model allows non-physicians to manage non-clinical aspects of a medical spa, such as administration, marketing, and billing, while the PMC handles medical services.

- - **How the MSO Model Works:** An MSO handles the business side of the spa, while the PMC, owned by licensed medical professionals, delivers medical treatments. This model enables non-physicians to invest in the business without violating CPOM laws.
 - **Drafting a Comprehensive MSO Agreement:** MSO agreements should clearly define the division of responsibilities between the PMC and the MSO. The MSO can handle all non-medical services, including human resources, facilities, and general operations, without interfering in clinical decision-making.
 - **Benefits of the MSO Model:** The MSO model provides flexibility for non-physicians to invest in the medical spa and manage business operations, while ensuring that licensed professionals retain control over medical care. Proper MSO structuring helps avoid CPOM violations.

Example: *A medical spa in Texas used an MSO to handle administration and marketing while a physician-owned PMC managed clinical services. This structure allowed non-medical investors to participate without compromising legal compliance. See more on [MSO models](#).*

Key Action: Create an MSO agreement to manage non-clinical operations and separate medical decision-making from administrative functions.

4. Addressing Regulatory Compliance for Medical Spa Operations

Operating a medical spa requires adherence to a range of regulatory standards, from scope-of-practice rules to patient safety protocols.

- - **Ensuring Scope of Practice Compliance:** Each treatment offered at a medical spa, such as Botox or IV therapy, falls within a specific scope of practice, which can only be performed by appropriately licensed professionals.
 - **Patient Safety and Informed Consent:** Medical spas must implement patient safety protocols and provide informed consent forms for all treatments. These forms should outline the potential risks, benefits, and limitations of each treatment.
 - **Advertising and Marketing Standards:** Medical spas must comply with FTC guidelines on advertising to avoid making misleading claims about results. Be cautious with language, and ensure that all claims are substantiated and accurately represent the services provided.

Example: *A medical spa faced scrutiny for offering services beyond its licensed scope. By revising protocols and ensuring that licensed professionals performed each procedure, the spa avoided penalties and achieved compliance.*

Key Action: Adhere to scope-of-practice, informed consent, and advertising standards to ensure regulatory compliance and patient safety.

Common Legal Risks and Penalties for Non-Compliance in Medical Spa Structuring

Improper structuring and non-compliance in medical spas can lead to severe legal consequences. Here’s a breakdown of common risks and potential penalties:

Example Penalty Breakdown for Medical Spa Structuring Non-Compliance

Violation Type	Potential Consequences
CPOM Violations	Fines, restructuring mandates, cease-and-desist orders
Scope of Practice Violations	Licensing board sanctions, penalties
Inadequate MSO Agreements	Legal disputes, regulatory scrutiny
Misleading Marketing Claims	FTC fines, corrective advertising requirements

For more information on structuring a compliant medical spa, explore these resources:

- [California Corporate Practice of Medicine Laws](#)
- [MSO Structuring Tips](#):
- [FSMB State Licensure Information](#)
- [AMA Informed Consent Guidelines](#)
- [FTC Advertising Guide](#)

Structuring a medical spa using PMCs and MSOs is essential for compliance, ensuring that licensed professionals control medical services while allowing non-physicians to manage business operations. By aligning your structure with CPOM laws, scope-of-practice rules, and MSO agreements, your medical spa can operate legally and profitably.