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**AB-242 Critical access hospitals: employment.** (2023-2024)

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**Assembly Bill No. 242**

**CHAPTER 641**

An act to amend Section 2401 of the Business and Professions Code, relating to healing arts.

[ Approved by Governor October 10, 2023. Filed with Secretary of State October 10, 2023. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 242, Wood. Critical access hospitals: employment.

Existing law, the Medical Practice Act, authorizes the Medical Board of California to grant approval of the employment of licensees on a salary basis by licensed charitable institutions, foundations, or clinics if no charge for professional services is made, in accordance with specified requirements. Existing law provides an exception to the prohibition on charging for professional services for a federally certified critical access hospital that employs licensees and charges for professional services rendered by those licensees to patients under specified conditions, including that the medical staff concur by an affirmative vote that the licensee's employment is in the best interest of the communities served by the hospital. Existing law makes that exception operative only until January 1, 2024.

This bill would delete the provision making the above-specified exception inoperative on January 1, 2024. The bill would make nonsubstantive changes by deleting inoperative reporting requirements.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 2401 of the Business and Professions Code is amended to read:

**2401.** (a) Notwithstanding Section 2400, a clinic operated primarily for the purpose of medical education by a public or private nonprofit university medical school, which is approved by the board or the Osteopathic Medical Board of California, may charge for professional services rendered to teaching patients by licensees who hold academic appointments on the faculty of the university, if the charges are approved by the physician and surgeon in whose name the charges are made.

(b) Notwithstanding Section 2400, a clinic operated under subdivision (p) of Section 1206 of the Health and Safety Code may employ licensees and charge for professional services rendered by those licensees. However, the clinic shall not interfere with, control, or otherwise direct the professional judgment of a physician and surgeon in a manner prohibited by Section 2400 or any other law.

(c) Notwithstanding Section 2400, a narcotic treatment program operated under Section 11876 of the Health and Safety Code and regulated by the State Department of Health Care Services, may employ licensees and charge for professional services

rendered by those licensees. However, the narcotic treatment program shall not interfere with, control, or otherwise direct the professional judgment of a physician and surgeon in a manner prohibited by Section 2400 or any other law.

(d) Notwithstanding Section 2400, a hospital that is owned and operated by a licensed charitable organization, that offers only pediatric subspecialty care, that, before January 1, 2013, employed licensees on a salary basis, and that has not charged for professional services rendered to patients may, commencing January 1, 2013, charge for professional services rendered to patients, provided the following conditions are met:

- (1) The hospital does not increase the number of salaried licensees by more than five licensees each year.
- (2) The hospital does not expand its scope of services beyond pediatric subspecialty care.
- (3) The hospital accepts each patient needing its scope of services regardless of the patient's ability to pay, including whether the patient has any form of health care coverage.
- (4) The medical staff concur by an affirmative vote that the licensee's employment is in the best interest of the communities served by the hospital.
- (5) The hospital does not interfere with, control, or otherwise direct a physician and surgeon's professional judgment in a manner prohibited by Section 2400 or any other law.

(e) Notwithstanding Section 2400, a federally certified critical access hospital may employ licensees and charge for professional services rendered by those licensees to patients, provided both of the following conditions are met:

- (1) The medical staff concur by an affirmative vote that the licensee's employment is in the best interest of the communities served by the hospital.
- (2) The hospital does not interfere with, control, or otherwise direct a physician and surgeon's professional judgment in a manner prohibited by Section 2400 or any other law.