

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
92nd General Assembly
Regular Session, 2019

A Bill

SENATE BILL 616

By: Senator Irvin

For An Act To Be Entitled

AN ACT TO REPEAL THE MEDICAL CORPORATION ACT; AND FOR
OTHER PURPOSES.

Subtitle

TO REPEAL THE MEDICAL CORPORATION ACT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Title 4, Chapter 29, Subchapter 3, is
repealed.

~~Subchapter 3—Medical Corporation Act~~

~~4-29-301.—Title.~~

~~This subchapter may be cited as the “Medical Corporation Act”.~~

~~4-29-302.—Definitions.~~

~~As used in this subchapter:~~

~~(1) “Beneficial owner” means an individual who is the grantor
and sole trustee of a revocable living trust wherein the individual reserves
the unrestricted right to revoke the trust;~~

~~(2) “Foreign medical corporation” means a corporation:~~

~~(A) Organized under laws other than the laws of this
state; and~~

~~(B) In which all officers, directors, and shareholders of
the corporation are licensed to practice medicine in the state of
incorporation;~~



~~(3) "Professional service" means any type of professional service that may be legally performed only pursuant to a license or other legal personal authorization, for example: the personal service rendered by certified public accountants, architects, engineers, dentists, doctors, and attorneys at law; and~~

~~(4) "Shareholder" means either:~~

~~(A) The person in whose name shares are registered in the records of a corporation; or~~

~~(B) The beneficial owner of shares of a revocable living trust where the shares are registered in the records of the corporation in the names of the revocable living trust.~~

~~4-29-303. Application of Arkansas Business Corporation Act.~~

~~(a) The Arkansas Business Corporation Act of 1987, § 4-27-101 et seq., shall be applicable to such corporations, including their organization, except that the required number of incorporators of a medical corporation shall be one (1) or more, and they shall enjoy the powers and privileges and be subject to the duties, restrictions, and liabilities of other corporations, except so far as the same may be limited or enlarged by this subchapter.~~

~~(b) If any provision of this subchapter conflicts with the Arkansas Business Corporation Act of 1987, § 4-27-101 et seq., this subchapter shall take precedence.~~

~~4-29-304. Physician-patient relationship unaltered.~~

~~This subchapter does not alter any law applicable to the relationship between a physician furnishing medical service and a person receiving the service, including liability arising out of the service.~~

~~4-29-305. Formation of corporation—Employee licensing required.~~

~~(a) One (1) or more persons licensed pursuant to the Arkansas Medical Practices Act, § 17-95-201 et seq., § 17-95-301 et seq., and § 17-95-401 et seq., may associate to form a corporation pursuant to the Arkansas Business Corporation Act of 1987, § 4-27-101 et seq., to own, operate, and maintain an establishment for the study, diagnosis, and treatment of human ailments and injuries, whether physical or mental, and to promote medical, surgical, and~~

~~scientific research and knowledge.~~

~~(b) However, medical or surgical treatment, consultation, or advice may be given by employees of the corporation only if they are licensed pursuant to the Arkansas Medical Practices Act, § 17-95-201 et seq., § 17-95-301 et seq., and § 17-95-401 et seq.~~

~~4-29-306. Corporate name.~~

~~(a)(1) The corporate name may contain the names of one (1) or more of the shareholders.~~

~~(2) However, the name of a person who is not employed by the corporation shall not be included in the corporate name, except that the name of a deceased shareholder may continue to be included in the corporate name for one (1) year following the decease of the shareholder.~~

~~(b) The corporate name shall end with the word "Chartered", or the word "Limited", or the abbreviation "Ltd.", or the words "Professional Association", or the abbreviation "P.A."~~

~~4-29-307. Officers, directors, and shareholders.~~

~~(a) All of the officers, directors, and shareholders of a corporation subject to this subchapter shall at all times be persons licensed pursuant to the Arkansas Medical Practices Act, § 17-95-201 et seq., § 17-95-301 et seq., and § 17-95-401 et seq.~~

~~(b) No person who is not so licensed shall have any part in the ownership, management, or control of the corporation, nor may any proxy to vote any shares of the corporation be given to a person who is not so licensed.~~

~~4-29-308. Employees.~~

~~Each individual employee licensed pursuant to the Arkansas Medical Practices Act, § 17-95-201 et seq., § 17-95-301 et seq., and § 17-95-401 et seq., who is employed by a corporation subject to this subchapter shall remain subject to reprimand or discipline for his or her conduct under the provisions of the Arkansas Medical Practices Act, § 17-95-201 et seq., § 17-95-301 et seq., and § 17-95-401 et seq.~~

~~4-29-309. Certificate of registration—Issuance, renewal, etc.~~

~~(a) No corporation shall open, operate, or maintain an establishment for any of the purposes set forth in § 4-29-305 without a certificate of registration from the Arkansas State Medical Board.~~

~~(b) Application for the registration shall be made to the board in writing and shall contain the name and address of the corporation and such other information as may be required by the board.~~

~~(c)(1) Upon receipt of the application, the board shall make an investigation of the corporation.~~

~~(2) If the board finds that the incorporators, officers, directors, and shareholders are each licensed pursuant to the Arkansas Medical Practices Act, § 17-95-201 et seq., § 17-95-301 et seq., and § 17-95-401 et seq., and if no disciplinary action is pending before the board against any of them, and if it appears that the corporation will be conducted in compliance with law and the regulations of the board, the board shall issue, upon payment of a registration fee of twenty-five dollars (\$25.00), a certificate of registration which shall remain effective until January 1 following the date of the registration.~~

~~(d) Upon written application of the holder, accompanied by a fee of ten dollars (\$10.00), the board shall annually renew the certificate of registration if the board finds that the corporation has complied with its regulations and the provisions of this subchapter.~~

~~(e) The certificate of registration shall be conspicuously posted upon the premises to which it is applicable.~~

~~(f) In the event of a change of location of the registered establishment, the board, in accordance with its regulations, shall amend the certificate of registration so that it shall apply to the new location.~~

~~(g) No certificate of registration shall be assignable.~~

~~4-29-310. Certificate of registration—Suspension or revocation.~~

~~(a) The Arkansas State Medical Board may suspend or revoke any certificate of registration for any of the following reasons:~~

~~(1) The revocation or suspension of the license to practice medicine of any officer, director, shareholder, or employee not promptly removed or discharged by the corporation;~~

~~(2) Unethical professional conduct on the part of any officer, director, shareholder, or employee not promptly removed or discharged by the~~

corporation;

~~(3) The death of the last remaining shareholder; or~~

~~(4) Upon finding that the holder of a certificate has failed to comply with the provisions of this subchapter or the regulations prescribed by the board.~~

~~(b)(1) Before any certificate of registration is suspended or revoked, the holder shall be given written notice of the proposed action and the reasons therefor and shall be given a public hearing by the board with the right to produce testimony concerning the charges made.~~

~~(2) The notice shall also state the place and date of the hearing which shall be at least five (5) days after service of the notice.~~

~~4-29-311. Certificate of registration — Appeal from denial, suspension, or revocation.~~

~~(a) Any corporation whose application for a certificate of registration has been denied or whose registration has been suspended or revoked may appeal to the Pulaski County Circuit Court within thirty (30) days after notice of the action by the Arkansas State Medical Board.~~

~~(b) The court shall inquire into the cause of the board's action and may affirm or reverse the decision and order a further hearing by the board or may order the board to grant the appellant a certificate of registration.~~

~~(c) Appeal shall be in the manner provided by law.~~

~~(d)(1) Notice of appeal shall be served upon the secretary of the board by serving the secretary a copy thereof within thirty (30) days after the board has notified the appellant of its decision.~~

~~(2) The service may be by registered or certified mail.~~

~~4-29-312. Shares of deceased or disqualified shareholder — Price.~~

~~(a) If the articles of incorporation or bylaws of a corporation subject to this subchapter fail to state a price or method of determining a fixed price at which the corporation or its shareholders may purchase the shares of a deceased shareholder or a shareholder no longer qualified to own shares in the corporation, then the price for the shares shall be the book value as of the end of the month immediately preceding the death or disqualification of the shareholder.~~

~~(b) Book value shall be determined from the books and records of the~~

~~corporation in accordance with the regular method of accounting used by the corporation.~~

~~4-29-313. Foreign medical corporations — Certificates of registration — Governance — Licensure.~~

~~(a) If a foreign medical corporation complies with this subchapter, the Arkansas State Medical Board may issue a certificate of registration to the foreign medical corporation.~~

~~(b) A person who is not licensed to practice medicine shall not participate in the ownership, management, or control of a foreign medical corporation.~~

~~(c) A proxy to vote shares of a foreign medical corporation shall not be given to a person who is not licensed to practice medicine.~~

~~(d) A physician who is affiliated with a foreign medical corporation shall obtain a license to practice medicine from the board before practicing medicine in Arkansas.~~