

# HOUSE . . . . . No. 5608

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## *The Commonwealth of Massachusetts*

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HOUSE OF REPRESENTATIVES, May 15, 1991.

The committee on Health Care, to whom was referred the petition (accompanied by bill, House, No. 1173) of Susan F. Rourke relative to ownership rights of certain health care facilities, reports recommending that the accompanying bill (House, No. 5608) ought to pass.

For the committee,

CARMEN D. BUELL.

**The Commonwealth of Massachusetts**

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In the Year One Thousand Nine Hundred and Ninety-One.

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AN ACT RELATIVE TO OWNERSHIP RIGHTS OF CERTAIN HEALTH CARE FACILITIES.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Chapter one hundred and twelve of the General  
2 Laws is hereby amended by striking out section twelve AA, as  
3 so appearing, and inserting in place thereof the following  
4 section: —

5 Section 12AA. Any person registered or licensed pursuant to  
6 this chapter who refers a patient for physical therapy services to  
7 any partnership, corporation, firm or other legal entity in which  
8 the registered or licensed person has a financial ownership interest  
9 shall disclose such interest to the patient and shall inform the  
10 patient that such services may be available from other physical  
11 therapists in the patient's community.

12 1. The registered or licensed person referring the patient shall  
13 disclose their interest in the following manner:

14 A. Each patient who is referred by a registered or licensed  
15 person shall be furnished with a written referral which discloses  
16 conspicuously on its face the following:

17 "The referring registered or licensed person maintains an  
18 ownership interest in the facility to which you are being referred  
19 for Physical Therapy Service. Physical therapy services may be  
20 available elsewhere in the community."

21 2. A physician must also disclose such ownership interest to  
22 the board of registration in medicine on a form to be prescribed  
23 by such board. Such disclosure shall contain the names and  
24 ownership interests of all other parties owning an interest in such  
25 physical therapy service.

26 For the purposes of this section, the term "ownership interest"  
27 shall mean any and all ownership interest including, but not  
28 limited to, any membership, proprietary interest, stock interest,

29 partnership interest, co-ownership in any form or any profit-  
30 sharing arrangement but shall not apply to financial arrangements  
31 between a health maintenance organization organized in  
32 accordance with chapter one hundred seventy-six G, or a preferred  
33 provider arrangement organized in accordance with chapter one  
34 hundred seventy-six I, and its participating providers, and shall  
35 not apply to financial arrangements among participating  
36 providers of such health maintenance organization or such  
37 preferred provider arrangement.

38 The board of registration in medicine shall prescribe by  
39 regulations that physicians report such ownership interest to the  
40 said board.

41 Such regulations shall be in place one hundred and eighty days  
42 from the effective date of this act. The board of registration in  
43 medicine may prescribe by regulations that physicians report  
44 referrals to the said board. Violation of this section shall constitute  
45 grounds for disciplinary action by the board of registration in  
46 medicine.

1 SECTION 2. Chapter one hundred and twelve of the General  
2 Laws is hereby amended further by striking out section twenty-  
3 three P and one-half and inserting in place thereof the following  
4 section: —

5 Section 23P $\frac{1}{2}$ . Any physical therapist who is involved in the  
6 private practice of physical therapy, to whom a patient is referred  
7 by a person licensed or registered under this chapter who derives  
8 income directly or indirectly from the physical therapy service,  
9 shall disclose to the patient that the referring person derives  
10 income from the provision of such service, unless such services  
11 are provided pursuant to a financial arrangement between a health  
12 maintenance organization organized in accordance with chapter  
13 one hundred and seventy-six G or a preferred provider  
14 arrangement organized in accordance with chapter one hundred  
15 and seventy-six I and the participating providers of such health  
16 maintenance organization or preferred provider arrangement.

17 Such disclosure shall be made in the following manner:

18 A.) Such ownership interest shall be posted in the office of the  
19 person providing such physical therapy in a conspicuous area and  
20 shall be of such size and nature so that the average person would  
21 take notice.

22 B.) Said notice shall contain the names of all persons who  
23 maintain an ownership interest.

24 For the purpose of this section, the term “ownership interest”  
25 shall mean any and all ownership interest including, but not  
26 limited to, any membership, proprietary interest, stock interest,  
27 partnership interest, co-ownership in any form or any profit-  
28 sharing arrangement.

29 The board of allied health professionals shall prescribe by  
30 regulation that physical therapists report such ownership interest  
31 and referrals to the said board. Such regulations shall be in place  
32 one hundred and eighty days from the effective date of this act.  
33 Violation of this section shall constitute grounds for disciplinary  
34 action by the board of allied health professionals.