

# PA and NP Ownership of Professional Corporations

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The health professions of physician assistant (PA) and nurse practitioner (NP) have evolved greatly since their inception. This evolution includes PAs or NPs going into practice for themselves and becoming owners of health care practices. The Medical and Nursing Boards are frequently asked about the laws

governing the ownership of medical and nursing practices, and the purpose of this article is to provide answers to a few of the more basic, frequently asked questions.

1. A frequently asked question is, can PAs or NPs own their own practices? The answer is “yes.”

Under N.C. Gen. Stat. 55B-4, a licensed professional may form a corporation to render professional services. There is nothing in that law prohibiting licensed professionals, such as PAs or NPs, from owning their own practices simply because they must be supervised by another licensed professional. Consequently, PAs or NPs may form their own professional corporations.

2. A corollary to this question is, can PAs or NPs form professional corporations with physicians in which the PAs or NPs own the majority of the stock?

Under N.C. Gen. Stat. 55B-14, PAs or NPs and physicians may jointly own stock in professional corporations. There is no requirement that shares of stock be allotted in a certain manner. Given the absence of a required division, PAs or NPs may own a majority of stock in professional corporations that they co-own with physicians.

3. Another question frequently asked is, can PA or NP owned practices hire physicians as employees or independent contractors to practice medi-

cine as part of PA or NP owned practices? The answer to this question is “no.”\*

Under N.C. Gen. Stat. 55B-4, a licensed professional may form a corporation to render professional services. Chapter 55B further defines the following terms:

“‘Professional service’ means any type of personal or professional service of the public which requires as a condition precedent to the rendering of such service the obtaining of a license from a licensing board...” N.C. Gen. Stat. 55B-2(6).

“‘Licensee’ means any natural person who is duly licensed by the appropriate licensing board to render the **same professional services** which will be **rendered by the professional corporation...**” N.C. Gen. Stat. 55B-2(3) [emphasis added].

Moreover, under N.C. Gen. Stat. 55B-14(a), “a professional corporation shall render only one **specific type** of professional service, and such services as may be ancillary thereto, and **shall not engage in any other business or profession...**” [emphasis added].

N.C. Gen. Stat. 55B-14(c) allows certain combinations of health care providers to form practices. These combinations include different types of nurses (registered nurse, nurse practitioner, nurse midwife, nurse anesthetist) combining to render nursing and related services (N.C. Gen. Stat. 55B-14(c)(2)); a physician and an NP combining to render medical and related services (N.C. Gen. Stat. 55B-14(c)(5)); and a physician and a PA combining to render medical and related services (N.C. Gen. Stat. 55B-14(c)(3)).

When read together, the above statutes require that PA or NP owned practices render only that specific type of professional service PAs or NPs are authorized to provide. In other words, PA owned practices may provide only PA services, while NP owned

*“There is nothing in that law prohibiting licensed professionals, such as PAs or NPs, from owning their own practices”*

practices may provide only NP services. These PA or NP owned practices cannot provide any other type of professional service they are not authorized to render.

By logical extension, PA or NP owned practices cannot provide physician services. Therefore, practices owned in their entirety by PAs or NPs cannot hire or contract with physicians to practice medicine on behalf of PA or NP owned practices.\* Why? Because physicians provide “physician services” and PAs or NPs are not licensed or authorized to provide “physician services.” PAs and NPs, by law, may perform medical acts under the supervision of physicians. Physicians, however, practice medicine without supervision. Consequently, the professional services being rendered by physicians are qualitatively different than those rendered by NPs or PAs. N.C. Gen. Stat. 55B-14(a) does allow professional corporations to provide professional services “ancillary thereto” the licensed profession. However, physician services are not ancillary to NP or PA services. The dictionary defines ancillary as being “subordinate” or “auxiliary to.” Since physicians practice medicine independently and NPs and PAs practice under the supervision of physicians, it cannot be reasoned that physician services are ancillary to NP or PA services.

*“Practices owned solely by PAs or NPs may not hire or contract with physicians to practice medicine on behalf of the PA or NP owned practices”*

In sum, PAs or NPs may own their own practices for the purpose of providing PA or NP services and nursing and related services as may be ancillary thereto. Practices owned solely by PAs or NPs may not hire or contract with physicians to practice medicine on behalf of the PA or NP owned practices. \*\*

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\*The analysis of employing a physician by a PA or NP owned practice only applies when the PA or NP owns the practice in its entirety and there is not joint ownership with a physician. Also, nothing in this article should be interpreted as disallowing a PA or NP entirely owned practice from contracting with a physician to provide the legally required supervision of the PA or NP. This is allowed and the supervision services rendered by the physician may be compensated. The prohibition of hiring or contracting with a physician by a PA or NP owned practice refers to the situation wherein the physician is practicing medicine and generating revenue on behalf of the PA or NP owned practice and not simply providing supervision.

\*\*Although this article analyzes the issues of PA and NP ownership under the professional corporation model, the same results occur regardless of the form of ownership of the PA or NP practice, ie, whether it is a sole proprietorship, a partnership, or any form of professional corporation.

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The author thanks M. Jackson Nichols, JD, General Counsel, North Carolina Board of Nursing, for his assistance in preparation of this article.