

treatment and health monitoring records shall apply to persons receiving care or evaluation in this setting.

iii. The corporation is a non-profit corporation sponsored by a union, social or religious or fraternal-type organization providing health care services to members only.

iv. The corporation is an accredited educational institution which maintains a medical clinic for health care service to students and faculty.

v. The corporation is licensed by the State Department of Insurance as an insurance carrier offering coverage for medical treatment and the licensee is employed to perform quality assurance services for the insurance carrier.

5. A licensee may also have an equity or employment interest in a professional practice (including a professional service corporation or limited liability company) which is a limited partner to a general business corporation which, in turn, has a contractual agreement with the professional service entity, in the following circumstances only. The general business corporation may contract to provide the professional practice with services exclusively of a non-professional nature such as, but not limited to, routine office management, hiring of non-professional staff, provision of office space and/or equipment and servicing thereof, and billing services. The licensee shall nevertheless be responsible, at all times except as excused by (g) below, to assure that an appropriate licensed health care professional determines and carries out all services and medical care policies set forth in (b) and (c) above, including retention of sole discretion regarding establishment of patient fees and modification or waiver thereof in an individual case. The licensee shall assure, as a condition of such contractual arrangement, that the general business corporation makes no representations to the public of offering, under its own corporate name, health care services which require licensure.

(g) A licensee employed or having a significant beneficial interest in any of the practice forms listed in (f) above shall terminate such employment or sever professional affiliation upon acquiring personal knowledge that the entity regularly fails to provide or observe the quality control/assurance mechanisms listed in (b) and (c) above and refuses, upon request, to implement such mechanisms. A licensee terminating employment or affiliation with a general business corporation as described in (f)4 above for reasons required by this section shall so notify the Board.

(h) In addition to the practice forms set forth above, a licensee may participate in organized managed health care plans including, but not limited to, those involving wholly or partially pre-paid medical services. By way of example, this includes plans commonly described as health maintenance organizations, preferred provider organizations, competitive medical plans, individual practice associations, or other

similar designations. Such plans typically cover certain types of health care services but only when the services are rendered by licensees who are provider-members of the plan; or the patient has been referred to a specialist or admitted to a hospital by a provider-member and has secured the advance approval of the plan administration. Such plans usually permit coverage for referrals in situations of emergency or other special conditions. A licensee may participate in any such plan which complies with the following professional requirements:

1. The licensee retains authority at all times to exercise professional judgment within accepted standards of practice regarding care, skill and diligence in examinations, diagnosis and treatment of each patient.

2. The licensee retains authority at all times to inform the patient of appropriate referrals to any other health care providers:

i. Whether or not those persons are provider-members of the plan; and

ii. Whether or not the plan covers the cost of service by such non-member providers to the patient.

3. Plan patients are informed that they may be personally responsible for the cost of treatment by a provider who is not a member-provider within the plan, or for treatment not having the approval of the plan administration.

4. Provisions for remuneration to the licensee shall not be inconsistent with the principles listed in N.J.A.C. 13:35-6.17(f).

(i) The following pertain to laboratory service:

1. A Board-licensed physician having a financial interest in a laboratory for the performance of bioanalytical tests may prescribe and/or perform such tests on the physician's primary medical office premises solely for the patients of the prescribing licensee. The licensee is responsible for establishing and maintaining a protocol for quality and cost control and for compliance with the provisions of the Clinical Laboratory Improvement Act, N.J.S.A. 45:9-42.26 et seq. Billing shall be done only in the name of the practitioner's medical office and in compliance with N.J.S.A. 45:1-10.

2. A Board-licensed physician having a financial interest in a laboratory offering services only to patients of the owning licensee(s) but conducted at a site other than the office premises of the owners shall assure that such laboratory has a director and that the laboratory is licensed under the New Jersey Clinical Laboratory Improvement Act. The physician shall assure compliance with N.J.S.A. 45:1-10 and with N.J.S.A. 45:9-22.4 as amended, and the name of the laboratory shall be accompanied at all times by the name(s) of the owning licensee(s) except as authorized for media advertising pursuant to N.J.A.C. 13:35-6.10(f). Petition may be made for exemption on billing forms for

good cause shown. Patient referral may be made only by a licensee holding such financial interest prior to July 31, 1991.

3. A Board licensee having a financial interest in a laboratory which accepts referrals from physicians who are not owners/investors shall assure that such laboratory is licensed under the New Jersey Clinical Laboratory Improvement Act and is directed by a bioanalytical laboratory director licensed pursuant to N.J.S.A. 45:9-42 et seq. who shall establish and maintain quality and cost control. The physician shall assure compliance with N.J.S.A. 45:1-10 and with N.J.S.A. 45:9-22.4, as amended, and the name of the laboratory shall be accompanied at all times by the name(s) of the owning licensee(s), except as authorized for media advertising pursuant to N.J.A.C. 13:35-6.10(l). Petition may be made for exemption on billing forms for good cause shown. Patient referral may be made only by a licensee holding such financial interest prior to July 31, 1991.

(j) The following pertain to physical therapy:

1. A physician may perform and/or prescribe physical therapy to be administered in the physician's office. Billing shall be done only in the name used by the physician's office. A bill for services of a physician's employees, which were rendered by licensed professionals authorized to provide services without medical supervision, shall identify the provider of service by name and degree.

2. A physician having a financial interest in a physical therapy entity at a location other than the physician's office, whether conducted under the physician's name or under another name, shall establish quality control/assurance provisions as required by (b) and (c) above. The physician shall assure compliance with service provider identification in (j)1 above, and with N.J.S.A. 45:9-22.4, as amended, and the name of the entity shall be accompanied at all times by the name(s) of the owning licensee(s) except as authorized for media advertising pursuant to N.J.A.C. 13:35-6.10(l). Petition may be made for exemption on billing forms for good cause shown. Patient referral may be made only by a licensee holding such financial interest prior to July 31, 1991.

(k) The following pertain to radiology:

1. A physician may prescribe and/or perform radiologic services on the physician's office premises. Billing shall be done only in the name of the prescriber or office. Where reading of film is done by an outside consultant, see N.J.A.C. 13:35-6.17(c)3.

2. A physician having a financial interest in a radiologic service facility at a location other than the physician's fixed office premises, whether conducted under the physician's name or under another name, shall establish quality control/assurance provisions as required by (b) and (c) above. The physician shall assure compliance with N.J.S.A. 45:9-22.4, as amended, and the name of the

facility shall be accompanied at all times by the name(s) of the licensee(s) except as authorized for media advertising by N.J.A.C. 13:35-6.10(l). Petition may be made for exemption on billing forms for good cause shown. Patient referral may be made only by a licensee holding such financial interest prior to July 31, 1991, or by a licensee having a financial interest in a facility offering radiation therapy pursuant to an oncological protocol.

(l) The following pertain to ophthalmology:

1. A physician may prescribe eyeglasses or external contact lenses and may offer to sell the devices. Billing shall be done only in the name of the physician or office. A bill for services of a physician's employees, which were rendered by licensed professionals authorized to provide services without medical supervision, shall identify the provider of service by name and degree.

2. A physician having a financial interest in a service entity for the selling of eyewear at a location other than the physician's office, conducted under the physician's name or another name, shall establish quality control/assurance provisions as required by (b) and (c) above. The physician shall assure compliance with service provider identification in (l)1 above, and with N.J.S.A. 45:9-22.4, as amended, and the name of the entity shall be accompanied at all times by the name(s) of the owning licensee(s) except as authorized for media advertising pursuant to N.J.A.C. 13:35-6.10(l). Patient referral may be made only by a licensee holding such financial interest prior to July 31, 1991.

(m) The provisions of this rule shall be operative on April 15, 1992, except that the requirements of managed health care plans in (h) above, and requirements of a director of laboratory in (i)2 and 3 above shall be operative April 15, 1993. Licensees who have been providing professional services in a business format which does not comply with the present codification of Board interpretation of permissible practice formats shall complete a transfer to an acceptable format as soon as possible but no later than October 15, 1992.

New Rule, R.1992 d.75, effective February 18, 1992 (operative April 15, 1992, except as noted).

See: 23 N.J.R. 161(a), 23 N.J.R. 1063(a), 24 N.J.R. 626(a).

Amended by R.2005 d.193, effective June 20, 2005.

See: 36 N.J.R. 3499(a), 37 N.J.R. 2210(a).

In (f), rewrote 2 and inserted "or limited liability company" following "professional service corporation" in 5.

Public Notice: Receipt of petition for rulemaking and action on petition.

See: 38 N.J.R. 848(a), 1246(b), 1608(b).

Public Notice: Petition for rulemaking.

See: 38 N.J.R. 4762(a).

#### Law Review and Journal Commentaries

Examiners' Board Hits Physician Referrals. 133 N.J.L.J. No. 4, 11 (1993).

Rules Changes Target Medical Group Practices. Theodosia A. Tamborlane, 136 N.J.L.J. No. 11, 10 (1994).

Joint Physician-Chiropractor Practice in New Jersey. Markley S. Roderick, 154 N.J.L.J. 966 (1998).