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Update: AAEM-PG Lawsuit Against Envision Healthcare

MILWAUKEE - The American Academy of Emergency Medicine Physician Group's (AAEM-PG) lawsuit against Envision Healthcare and Envision Physician Services charging them with illegally engaging in the corporate practice of medicine (CPOM) has ended with the healthcare giant withdrawing from all operations in the State of California. AAEM-PG resolved the case on confidential terms, including a partial reimbursement of AAEM-PG's attorneys' fees and costs relating to the suit. Even without a final judgment, however, the case may have a lasting impact in California for lay entities who seek to purchase medical practices and the private equity companies that fund those purchases.

The suit challenged the "friendly physician model" by which non-physicians operate a medical practice in violation of law. In order not to run afoul of rules barring lay businesses from employing doctors, a single "friendly physician" owns a physician group that acts as the direct employer of physicians, but a lay entity nominally providing management services is really in control of the practice, including, billing, staffing, hours, payor contracting, and budgets. The suit alleged the friendly physician was not in fact the real owner of the medical group because of stock transfer agreements that did not allow him to realize profits from the entity aside from a salary set by the lay entity or, to transfer his ownership of the group without consent of the lay entity. The model is used throughout the nation.

AAEM-PG's lead counsel David Millstein explains "the Court made early dispositive rulings in the case agreeing with AAEM-PG's theory and the California Medical Association's Amicus brief that if proven AAEM-PG's factual allegations "demonstrate classic CPOM violations." Although we were 100% confident that we would prove the facts alleged, Envision's departure from California raises questions of whether the Court retains jurisdiction to hear the dispute. It is not clear if AAEM-PG has standing to an injunction against a practice that is no longer taking place."

AAEM-PG continues to be the champion of independent emergency physician groups everywhere.

For further press inquiries, please contact [David Millstein](#) with [Millstein & Associates P.C.](#)