

# Senate Study Bill 1092

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
HUMAN RESOURCES BILL  
BY CHAIRPERSON RAGAN)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act to allow medical or osteopathic physicians, physician  
2 assistants, and nurse practitioners to form limited liability  
3 companies or professional corporations.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 1781SC 83  
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1 1 Section 1. Section 490A.1501, subsection 4, Code 2009, is  
1 2 amended to read as follows:  
1 3 4. "Profession" means the profession of certified public  
1 4 accountancy, architecture, chiropractic, dentistry, physical  
1 5 therapy, practice as a physician assistant, psychology,  
1 6 professional engineering, land surveying, landscape  
1 7 architecture, law, medicine and surgery, optometry,  
1 8 osteopathic medicine and surgery, accounting practitioner,  
1 9 podiatry, real estate brokerage, speech pathology, audiology,  
1 10 veterinary medicine, pharmacy, practice as a nurse  
1 11 practitioner, nursing, and marriage and family therapy,  
1 12 provided that the marriage and family therapist is licensed  
1 13 under chapters 147 and 154D.

1 14 Sec. 2. Section 490A.1502, Code 2009, is amended to read  
1 15 as follows:

1 16 490A.1502 PURPOSES AND POWERS.

1 17 1. A professional limited liability company shall be  
1 18 organized only for the purpose of engaging in the practice of  
1 19 one specific profession, or two or more specific professions  
1 20 which could lawfully be practiced in combination by a licensed  
1 21 individual or a partnership of licensed individuals, and for  
1 22 the additional purpose of doing all lawful things which may be  
1 23 incidental to or necessary or convenient in connection with  
1 24 the practice of the profession or professions. The articles  
1 25 of organization of a professional limited liability company  
1 26 shall state in substance that the purposes for which the  
1 27 professional limited liability company is organized are to  
1 28 engage in the general practice of a specified profession or  
1 29 professions, or one or more specified branches or divisions  
1 30 thereof, and to do all lawful things which may be incidental  
1 31 to or necessary or convenient in connection with the practice  
1 32 of the profession or professions.

1 33 2. For purposes of this section, medicine and surgery,  
1 34 osteopathic medicine and surgery, practice as a physician  
1 35 assistant, and practice as a nurse practitioner shall be  
2 1 deemed to be professions which could lawfully be practiced in  
2 2 combination by licensed individuals or a partnership of  
2 3 licensed individuals.

2 4 Sec. 3. Section 490A.1505, Code 2009, is amended to read  
2 5 as follows:

2 6 490A.1505 PRACTICE BY PROFESSIONAL LIMITED LIABILITY  
2 7 COMPANY.

2 8 1. Notwithstanding any other statute or rule of law, a  
2 9 professional limited liability company may practice a  
2 10 profession, but may do so in this state only through members,  
2 11 managers, employees, and agents who are licensed to practice  
2 12 the same profession in this state. In its practice of a  
2 13 profession, no professional limited liability company shall do  
2 14 any act which could not lawfully be done by individuals  
2 15 licensed to practice the profession which the professional  
2 16 limited liability company is authorized to practice.

2 17 2. This section shall not prohibit persons practicing

~~2 18 medicine and surgery, persons practicing osteopathic medicine  
2 19 and surgery, persons practicing as physician assistants, or  
2 20 persons practicing as nurse practitioners, from practicing  
2 21 their respective professions in lawful combination pursuant to  
2 22 section 490A.1502.~~

2 23 Sec. 4. Section 490A.1514, Code 2009, is amended to read  
2 24 as follows:  
2 25 490A.1514 MANAGEMENT.  
2 26 All managers of a professional limited liability company  
2 27 shall at all times be individuals who are licensed to practice  
2 28 a profession in this state, or a lawful combination of  
2 29 professions pursuant to section 490A.1502, which the limited  
2 30 liability company is authorized to practice. A person who is  
2 31 not licensed shall have no authority or duties in the  
2 32 management or control of the limited liability company. If a  
2 33 manager ceases to have this qualification, the manager shall  
2 34 immediately and automatically cease to hold such management  
2 35 position.

3 1 Sec. 5. Section 496C.2, subsection 4, Code 2009, is  
3 2 amended to read as follows:

3 3 4. "Profession" means the profession of certified public  
3 4 accountancy, architecture, chiropractic, dentistry, physical  
3 5 therapy, practice as a physician assistant, psychology,  
3 6 professional engineering, land surveying, landscape  
3 7 architecture, law, medicine and surgery, optometry,  
3 8 osteopathic medicine and surgery, accounting practitioner,  
3 9 podiatry, real estate brokerage, speech pathology, audiology,  
3 10 veterinary medicine, pharmacy, practice as a nurse  
3 11 practitioner, and the practice of nursing.

3 12 Sec. 6. Section 496C.4, Code 2009, is amended to read as  
3 13 follows:

3 14 496C.4 PURPOSES AND POWERS.

3 15 1. A professional corporation shall be organized only for  
3 16 the purpose of engaging in the practice of one specific  
3 17 profession, or two or more specific professions which could  
3 18 lawfully be practiced in combination by a licensed individual  
3 19 or a partnership of licensed individuals, and for the  
3 20 additional purpose of doing all lawful things which may be  
3 21 incidental to or necessary or convenient in connection with  
3 22 the practice of the profession or professions. The articles  
3 23 of incorporation shall state in substance that the purposes  
3 24 for which the corporation is organized are to engage in the  
3 25 general practice of a specified profession or professions, or  
3 26 one or more specified branches or divisions thereof, and to do  
3 27 all lawful things which may be incidental to or necessary or  
3 28 convenient in connection with the practice of the profession  
3 29 or professions. Each professional corporation, unless  
3 30 otherwise provided in its articles of incorporation or unless  
3 31 expressly prohibited by this chapter, shall have all powers  
3 32 granted to corporations by the Iowa business corporation Act,  
3 33 chapter 490.

3 34 2. For purposes of this section, medicine and surgery,  
3 35 osteopathic medicine and surgery, practice as a physician  
4 1 assistant, and practice as a nurse practitioner shall be  
4 2 deemed to be professions which could lawfully be practiced in  
4 3 combination by licensed individuals or a partnership of  
4 4 licensed individuals.

4 5 Sec. 7. Section 496C.7, Code 2009, is amended to read as  
4 6 follows:

4 7 496C.7 PRACTICE BY PROFESSIONAL CORPORATION.

4 8 1. Notwithstanding any other statute or rule of law, a  
4 9 professional corporation may practice a profession, but may do  
4 10 so in this state only through shareholders, directors,  
4 11 officers, employees, and agents who are licensed to practice  
4 12 the same profession in this state.

4 13 2. In its practice of a profession, no professional  
4 14 corporation shall do any act which could not lawfully be done  
4 15 by individuals licensed to practice the profession which the  
4 16 professional corporation is authorized to practice.

4 17 3. This section shall not prohibit persons practicing  
4 18 medicine and surgery, persons practicing osteopathic medicine  
4 19 and surgery, persons practicing as physician assistants, or  
4 20 persons practicing as nurse practitioners, from practicing  
4 21 their respective professions in lawful combination pursuant to  
4 22 section 496C.4.

4 23 Sec. 8. Section 496C.16, Code 2009, is amended to read as  
4 24 follows:

4 25 496C.16 MANAGEMENT.

4 26 All directors of a professional corporation and all  
4 27 officers of a professional corporation, except assistant  
4 28 officers, shall at all times be individuals who are licensed

4 29 to practice in this state a profession, or a lawful  
4 30 combination of professions pursuant to section 496C.4, which  
4 31 the corporation is authorized to practice. However, upon the  
4 32 occurrence of any event that requires the corporation either  
4 33 to be dissolved or to elect to adopt the provisions of the  
4 34 Iowa business corporation Act, chapter 490, as provided in  
4 35 section 496C.19, provided the corporation ceases to practice  
5 1 the profession that the corporation is authorized to practice,  
5 2 as provided in section 496C.19, then individuals who are not  
5 3 licensed to practice in this state a profession that the  
5 4 corporation is authorized to practice may be appointed as  
5 5 officers and directors for the sole purpose of carrying out  
5 6 the dissolution of the corporation or, if applicable, the  
5 7 voluntary election of the corporation to adopt the provisions  
5 8 of the Iowa business corporation Act, as provided in section  
5 9 496C.19.

5 10 EXPLANATION

5 11 This bill allows physician assistants and nurse  
5 12 practitioners to form professional corporations and  
5 13 professional limited liability companies. The bill also  
5 14 provides that persons who are licensed to practice medicine  
5 15 and surgery, physician assistants, and nurse practitioners may  
5 16 jointly form professional corporations and professional  
5 17 limited liability companies.

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