

Ownership of Medical Practices in Arkansas: Legal Overview and Regulatory Ambiguity

Introduction

The ownership and structure of medical practices in Arkansas remain a complex and often confusing topic, particularly when it comes to the participation of Advanced Practice Registered Nurses (APRNs). While Arkansas statutes provide specific requirements for medical corporations and professional limited liability companies (PLLCs), their interpretation and enforcement appear inconsistent across professional boards. This document summarizes key Arkansas statutes related to the formation and ownership of medical entities and provides an overview of the resulting regulatory uncertainty affecting APRNs and other healthcare professionals.

Relevant Arkansas Statutes

1. Medical Corporation Act — Ark. Code Ann. § 4-29-305

Formation of Corporation; Employee Licensing Required

Under this section:

- One or more persons licensed under the Arkansas Medical Practices Act (§§ 17-95-201 et seq., 17-95-301 et seq., and 17-95-401 et seq.) may form a corporation to operate an establishment for the study, diagnosis, and treatment of human ailments and injuries.
- Only employees licensed under the Arkansas Medical Practices Act may provide medical or surgical treatment, consultation, or advice within such a corporation.

Interpretation: This statute appears to limit ownership and clinical activity within medical corporations to individuals licensed under the Medical Practices Act — namely physicians and physician assistants.

2. Medical Corporation Act — Ark. Code Ann. § 4-29-307

Officers, Directors, and Shareholders

This section stipulates:

- All officers, directors, and shareholders of a medical corporation must be licensed under the Arkansas Medical Practices Act.
- No unlicensed person may participate in ownership, management, or control of the corporation, nor may shares be voted by an unlicensed proxy.

Interpretation: This reinforces the intent that medical corporations are to be wholly owned, managed, and controlled by those licensed to practice medicine in Arkansas.

3. Professional Limited Liability Companies — Ark. Code Ann. § 4-38-1202 (Renumbered as § 4-38-1203)

Certification of Registration

This statute provides that:

- A limited liability company (LLC) formed to engage in the practice of medicine must obtain a certificate of registration from the Arkansas State Medical Board and comply with the Medical Corporation Act.
- Similarly, LLCs practicing dentistry must register with the Arkansas State Board of Dental Examiners and comply with the Dental Corporation Act.
- Applicants must secure authorization from their licensing authority before registering as a professional limited liability company.

Interpretation: In practice, this links the requirements for PLLCs back to the Medical Corporation Act, which again restricts ownership to those licensed under the Medical Practices Act.

Current Practice and Observed Discrepancies

Despite the apparent statutory limitations, many healthcare clinics in Arkansas are currently owned and operated by APRNs through corporations or limited liability companies.

Regulatory Silence and Practical Implications

The Arkansas Nurse Practice Act does not address the issue of ownership structure or entity formation for APRNs. Consequently:

- There is no explicit prohibition against APRNs forming LLCs or corporations.
- Due to ambiguity, APRNs have continued to form and operate business entities that provide clinical services within the scope of advanced practice nursing.
- This regulatory gap has created a de facto acceptance of APRN-owned entities, despite the restrictive language of the Medical Corporation Act.

Conclusion

Arkansas law presents a conflicting framework regarding the ownership and structure of medical practices. While statutory language suggests that only those licensed by the Arkansas State Medical Board (physicians or physician assistants) may own or control medical corporations or PLLCs engaged in medical practice, it is best for those interested in opening a practice consult with their own attorney for the best advice.