

ALABAMA STATE BOARD OF MEDICAL EXAMINERS
Office of the General Counsel

January 24, 1994

RE: Licensing Requirements of Shareholders in an Alabama Professional Corporation

Dear :

I have received and reviewed your letter concerning licensing requirements of shareholders in an Alabama professional corporation. You have requested that this office issue a written determination addressing the following issue:

“Whether physicians who are licensed to practice medicine in the State of Georgia and the State of Michigan can own shares in an Alabama professional corporation without becoming licensed to practice medicine in the State of Alabama.”

According to your letter, as I understand it, you purpose to organize a professional corporation pursuant to the Revised Alabama Professional Corporation Act, ALA. CODE §§10-4-380 to 10-4-406 (1975), and this professional corporation will be organized for the purpose of rendering medical professional services. This domestic professional corporation will have three shareholders. Two of the proposed shareholders are currently licensed to practice medicine in Michigan and Georgia; however, they are not licensed to practice medicine in Alabama. One proposed shareholder is currently licensed to practice medicine in Alabama. The two physicians who do not hold Alabama medical licenses will not engage in providing or performing professional medical services in the State of Alabama.

After reviewing Michigan Stat. Ann. §§450.228, 450.222(a) and 450.244, it is clear that a physician, who is licensed to practice medicine in Alabama and who is not licensed to practice medicine in Michigan, is authorized to be a shareholder in a professional corporation organized under the laws of Michigan for the purpose of rendering professional medical services. Consequently, Michigan would be defined as a “qualified state” according to ALA. CODE §10-4-382(7) (1975) for the purposes of the Revised Alabama Professional Corporation Act. Because the two physicians licensed in Michigan are licensed to practice medicine by a “qualified state,” each of the two physicians meets the definition of “qualified person” stated in ALA> CODE §10-4-382(5)(a) (1975). Consequently, the two physicians who are currently .licensed to practice medicine in Michigan may own shares in a professional corporation organized pursuant to the Revised Alabama Professional Corporation Act for the purpose of rendering medical professional services without becoming licensed to practice medicine in the State of Alabama. This opinion does not apply if either of the two physicians have previously held an Alabama medical license which is now revoked or suspended.

Regarding a determination of the issue based on a medical license held in Georgia, the opinion of this office is qualified by or conditioned upon your interpretation of the definition of “licensed” as used in the Georgia Professional Corporation Act. If the definition of “licensed” as used in the Georgia Act includes persons licensed to practice medicine in Alabama, and, therefore, a physician who is licensed to practice medicine in Alabama and who is not licensed to practice medicine in Georgia may hold shares in a professional corporation authorized under the laws of Georgia, then our opinion is that Georgia would be defined as a “qualified state”

according to ALA. CODE §10-4-382(5(a) (1975), and they may be shareholders in a professional corporation organized pursuant to the Revised Alabama Professional Corporation Act for the purpose of rendering medical professional service without becoming licensed to practice medicine in the State of Alabama. Again, this opinion is conditioned upon Georgia being defined as a “qualified state” in the Alabama Act. We specifically decline to opine whether Georgia is a “qualified state” as defined in the Revised Alabama Professional Corporation Act.

If you have any questions concerning this opinion, please contact our office.

Sincerely,
ALABAMA BOARD OF MEDICAL EXAMINERS

/s/ Patricia E. Shaner

Patricia E. Shaner
Associate General Counsel

PES:nc

cc: Wendell Morgan, Esquire