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*June, 2023*

## **TO: MEMBERS OF THE LONG ISLAND JEWISH ORGANIZED MEDICAL STAFF**

*It has taken quite a while to occur but New York State has announced an active Interest in the relationship between medical practices and medical service organizations (MSOs). The Executive budget would charge the Health Department with oversight responsibilities over the transactions between the interested parties in these occurrences.*

*What does this mean? Prior to the commencement of the business arrangement between the parties Health Department would be charged with the creation of a process somewhat akin to the Certificate of Need (CON) procedures which are part of an Article 28 application. A consent of Health would be required and Health would be expected to examine the character and competence of the parties as well as the funding source of the proposed entity. There would be a weighing of the relationship between both positive and negative effects upon health equity and outcomes were the relationship to be approved.*

*What should be of paramount interest to practitioners is the definition of "health care entities" as it would appear that the reviews discussed above would also be necessary if, for example, two independent practices decided to merge. The time involved in the review process could well be a detriment although the proposal calls for a 30-day timeline for the process. If you have experienced an Article 28 application, we can assure you as having*

*been involved in several such applications, the 30-day suggestion must be met with a smile, (if not an outright laugh!).*

*It is unclear at the time of this writing that the proposal will be approved. The announcement, however, is a clarion call that the MSO- physician relationship is of great interest to the State. We would also expect that mergers between physician practices – absent an MSO feature- would be ripe for elimination in any final review process which may be formed as the questions of fee-sharing(s) with nonprofessional entities would not exist.*

*Respectfully submitted,*

*Schaum Law Offices*