

West's Annotated California Codes Currentness
Business and Professions Code (Refs & Annos)
Division 2. Healing Arts (Refs & Annos)
Chapter 1. General Provisions (Refs & Annos)
Article 6. Unearned Rebates, Refunds and Discounts (Refs & Annos)

§ 650. Consideration for referral of patients, clients, or customers; violations; penalty; nonmonetary remuneration

(a) Except as provided in Chapter 2.3 (commencing with Section 1400) of Division 2 of the Health and Safety Code, the offer, delivery, receipt, or acceptance by any person licensed under this division or the Chiropractic Initiative Act of any rebate, refund, commission, preference, patronage dividend, discount, or other consideration, whether in the form of money or otherwise, as compensation or inducement for referring patients, clients, or customers to any person, irrespective of any membership, proprietary interest, or coownership in or with any person to whom these patients, clients, or customers are referred is unlawful.

(b) The payment or receipt of consideration for services other than the referral of patients which is based on a percentage of gross revenue or similar type of contractual arrangement shall not be unlawful if the consideration is commensurate with the value of the services furnished or with the fair rental value of any premises or equipment leased or provided by the recipient to the payer.

(c) The offer, delivery, receipt, or acceptance of any consideration between a federally qualified health center, as defined in Section 1396d(l)(2)(B) of Title 42 of the United States Code, and any individual or entity providing goods, items, services, donations, loans, or a combination thereof to the health center entity pursuant to a contract, lease, grant, loan, or other agreement, if that agreement contributes to the ability of the health center entity to maintain or increase the availability, or enhance the quality, of services provided to a medically underserved population served by the health center, shall be permitted only to the extent sanctioned or permitted by federal law.

(d) Except as provided in Chapter 2.3 (commencing with Section 1400) of Division 2 of the Health and Safety Code and in Sections 654.1 and 654.2 of this code, it shall not be unlawful for any person licensed under this division to refer a person to any laboratory, pharmacy, clinic (including entities exempt from licensure pursuant to Section 1206 of the Health and Safety Code), or health care facility solely because the licensee has a proprietary interest or coownership in the laboratory, pharmacy, clinic, or health care facility, provided, however, that the licensee's

return on investment for that proprietary interest or coownership shall be based upon the amount of the capital investment or proportional ownership of the licensee which ownership interest is not based on the number or value of any patients referred. Any referral excepted under this section shall be unlawful if the prosecutor proves that there was no valid medical need for the referral.

(e) Except as provided in Chapter 2.3 (commencing with Section 1400) of Division 2 of the Health and Safety Code and in Sections 654.1 and 654.2 of this code, it shall not be unlawful to provide nonmonetary remuneration, in the form of hardware, software, or information technology and training services, as described in subsections (x) and (y) of Section 1001.952 of Title 42 of the Code of Federal Regulations, as amended October 4, 2007, as published in the Federal Register (72 Fed. Reg. 56632 and 56644), and subsequently amended versions.

(f) "Health care facility" means a general acute care hospital, acute psychiatric hospital, skilled nursing facility, intermediate care facility, and any other health facility licensed by the State Department of Public Health under Chapter 2 (commencing with Section 1250) of Division 2 of the Health and Safety Code.

(g) A violation of this section is a public offense and is punishable upon a first conviction by imprisonment in a county jail for not more than one year, or by imprisonment in the state prison, or by a fine not exceeding fifty thousand dollars (\$50,000), or by both that imprisonment and fine. A second or subsequent conviction is punishable by imprisonment in the state prison or by imprisonment in the state prison and a fine of fifty thousand dollars (\$50,000).

CREDIT(S)

(Added by Stats.1949, c. 899, p. 1670, § 1. Amended by Stats.1971, c. 1568, p. 3148, § 1; Stats.1973, c. 142, § 5, eff. June 30, 1973, operative July 1, 1973; Stats.1973, c. 924, § 1, operative July 1, 1974; Stats.1975, c. 303, p. 750, § 1; Stats.1977, c. 1252, p. 4287, § 4, operative July 1, 1978; Stats.1981, c. 610, p. 2348, § 1; Stats.1990, c. 1532 (S.B.2365), § 1; Stats.2000, c. 843 (A.B.2594), § 1; Stats.2001, c. 728 (S.B.724), § 1.4; Stats.2006, c. 698 (A.B.225), § 1; Stats.2006, c. 772 (A.B.2282), § 1.5; Stats.2007, c. 130 (A.B.299), § 1; Stats.2007, c. 483 (S.B.1039), § 1; Stats.2008, c. 179 (S.B.1498), § 4; Stats.2008, c. 290 (A.B.55), § 1, eff. Sept. 25, 2008;

Stats.2009, c. 140 (A.B.1164), § 2.)

Current with all 2009 Reg.Sess. laws; all 2009-2010 1st through 5th and 7th Ex.Sess. laws; urgency legislation through Ch. 5 of the 2010 Reg.Sess.; and propositions on the 6/8/2010 ballot received as of 1/1/2010.