

Louisiana Brings Management Consultants under State Board Control

NEW LAW REGULATES CHIROPRACTIC CONSULTANTS

Editorial Staff

At any one time, there may be as many as 60 management consulting organizations serving the chiropractic profession. While a few of these are large national and even international operations, the majority are regional firms centered around an individual entrepreneur. While all of these firms profess to be serving their chiropractic clients, some do a better job than others.

Over the past years, numerous problems have developed on a national, regional, and state level that have been initiated or agitated by the actions and instructions of various management consultants. In most cases, it is the chiropractic state licensing boards which bears the burden of "cleaning up" the mess of the few abusive management consultants.

Recently, the larger management consultants have united for the benefit of the chiropractic profession to form the Society of Chiropractic Management Consultants (SCMC). (See "Society of Chiropractic Management Consultants Formed" in the June 7, 1991 issue; see also the interview with Richard Vincent, D.C., SCMC president in the July 19, 1991 issue.)

In an effort to address the problems that can occur between management consultants and chiropractors (and chiropractic students), the state of Louisiana has passed a law that will allow the Louisiana State Board of Chiropractic Examiners to regulate the activities of consultants involving Louisiana chiropractors. The law (House Bill 442) was introduced and sponsored by Charles Herring, D.C., a Louisiana legislator.

The new law requires all management consultants to register with the Louisiana Board of Chiropractic Examiners. The board has the ability to prohibit certain activities by consultants, to assess penalties for violations, invalidate certain contracts, and file civil actions as necessary. In addition, all consultants must be approved by the board before they can solicit chiropractic clients.

The application must include:

- The business or occupation engaged in by the applicant for the five years immediately preceding the date of application;
- The names and addresses of all persons, except bona fide employees on stated salaries, who are financially interested as partners, associates, or profit sharers in the operation of the business of the chiropractic management consultant;
- The names and addresses of all chiropractors for whom the chiropractic management consultant

is providing professional services for compensation at the time of the registration or renewal application

- To produce sufficient revenue to offset the expenses incurred by the board in administering this part, an annual registration fee of \$100 shall be paid by the chiropractic management consultant; no chiropractic management consultant shall enter into a chiropractic management consultant contract unless the consultant is registered as provided in this part and has been approved by the board."

Chiropractic management consultants must also register with the secretary of state and pay a \$20 registration fee before they contact, directly or indirectly, any chiropractor. The new law also requires that all civil actions brought against a management consultant (due to the performance or nonperformance of any services rendered) must be instituted in the district court in Baton Rouge, Louisiana.

The consultant must file with the board:

- any chiropractic management consultant service contract to be entered into by a registered and approved chiropractic management consultant and a chiropractor;
- a schedule of fees charged and a description of the services to be rendered in exchange for these fees.

The law prohibits consultants from:

- publishing any false, fraudulent, or misleading information, representation, notice, or advertisement;
- intentionally giving any false information or intentionally making any false promises or representations to any chiropractor;
- entering into "fee splitting" or percentage contracts with any chiropractor;
- entering into any agreement, written or oral, by which the chiropractic management consultant offers anything of value to any chiropractor, or to any employee of any chiropractor, in return for the referral of any clients by that chiropractor or chiropractor's employee;
- entering into a contract with an individual who is a student of a chiropractic college and is a resident of the state of Louisiana.

Any management consultant who violates the provisions of this new law is subject, pursuant to a hearing by the board, to payment of a refund of any consideration paid to the consultant and payment of reasonable attorney's fees and court costs incurred by a chiropractor in suing the consultant. A violation "shall be declared a misdemeanor and conviction thereof shall be punishable by a fine of not more than ten thousand dollars, or by imprisonment of not more than one year, or both."

There was only one voice within the state of Louisiana which opposed the new law. For unknown reasons, Michael Flynn, who was recently forced to resign his position as president of the Louisiana State Board of Chiropractic Examiners, was one of the few chiropractors to oppose the new law. This occurred even though no one spoke against the bill after it had passed through the legislative process.

This new law will no doubt be carefully examined by other state boards across the country. The reaction to the Louisiana law by various state board members has been positive; it appears to be a popular solution to an old problem. This new Louisiana law could very well be the proto-type for management consulting laws in every state.

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