

# SB 951 - PROTECTING PHYSICIAN PRACTICE OF MEDICINE

## CORPORATE PRACTICE OF MEDICINE DOCTRINE

Oregon's Corporate Practice of Medicine (CPOM) doctrine, in place since 1947, requires **medical clinics to be at least 51% owned by physicians, nurse practitioners, or physician associates**. While over 30 states, red and blue, have CPOM laws, corporate investment in physician practices has skyrocketed in the last decade, enabling corporate acquisition of clinics and corporate influence over clinical judgment. The outcome of this trend has been **higher costs for patients, increased physician burnout, and no commensurate improvement in patient outcomes**.

Fuse Brown, E. C., & Hall, M. A. (2024). Private Equity in Health Care Rebutted at Senate Hearing. *Stanford Law Review*, 76, 527–593.

*How?*

Corporations and private equity firms are exploiting a loophole that undermines the principle that physicians, not corporations, should own medical practices. This loophole has significant adverse consequences for independent clinics and their patients. **Management Services Organizations (MSOs)**—businesses that provide administrative and management services to medical practices—are increasingly used by corporate investors as a tool to **seize control of physician practices, specifically control over decisions that impact patients**. This loophole allows investors to prioritize profit, potentially disadvantaging clinics that align with the spirit of long-established CPOM rules.

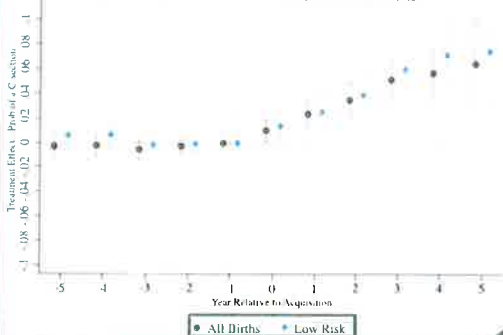
RATE

IN THE LAST TEN YEARS,  
CORPORATE INVOLVEMENT AND  
CAPTURE IN PRIMARY CARE ROSE  
100,000%.

Iltam, U., Aung, K.-K., & Song, Z. (2021, November 19). Private equity and primary care: Lessons from the field. *NEJM Catalyst*.

IMPACT

COSTLY, LOW-RISK C-SECTIONS RISE  
UNDER CORPORATE INFLUENCE



La Forgia (2022) Management Science

"AN INHERENT TENSION EXISTS  
BETWEEN A PHYSICIAN'S ETHICAL DUTY  
TO PATIENTS AND A CORPORATION'S  
FIDUCIARY DUTY TO SHAREHOLDERS."

Health Affairs (2024). Lessons from Oregon's attempt to strengthen its corporate practice of medicine ban. Retrieved December 3, 2024, from <https://www.healthaffairs.org/content/full/43/12/e20240474>

## SOLUTION: CLOSING LOOPHOLES, PROTECTING PATIENT CARE

**SB 951 modernizes CPOM to close this harmful loophole**, ensuring fairness and upholding long-standing rules designed to protect patient-focused care. The bill addresses unfair practices by regulating MSOs in three key ways:

- 1. Restricting Effective Control:** Ensures MSOs cannot exert undue influence over the clinical and operational decisions of physician-owned practices, maintaining the principle that physicians should control physician practices.
- 2. Limiting Restrictive Contracts:** Imposes limitations on non-compete clauses and other contractual provisions that MSOs use to constrain the autonomy of the physician practices they claim to support.
- 3. Prohibiting Dual Employment:** Prevents arrangements where MSOs employ "captive physicians" or "straw doctors" to bypass a CPOM ban.

By closing these loopholes, **this bill reinforces Oregon's commitment to patient-centered care and fair competition** in the medical field.



CORPORATIZATION OF  
MEDICINE PUTS PROFIT  
OVER PATIENTS

PHYSICIANS TAKE AN  
OATH TO PRIORITIZE  
PATIENT CARE



# SUPPORT FOR SB 951

