

**SB 951 A STAFF MEASURE SUMMARY**

**Carrier:** Sen. Hayden

**Senate Committee On Health Care**

**Minority Report**

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**Action Date:** 03/25/25

**Action:** Do pass with different amendments. (Printed A-Eng.) Minority

**Fiscal:** Fiscal impact issued

**Revenue:** No revenue impact

**Report Signers:** Sen. Hayden, Sen. Linthicum

**Prepared By:** Daniel Dietz, LPRO Analyst

**Meeting Dates:** 3/4, 3/25

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**WHAT THE MEASURE DOES:**

The measure restricts management service organizations and individuals who are not licensed professionals from owning and controlling medical practices and prohibits noncompetition agreements between licensees and medical practices, with exceptions.

**ISSUES DISCUSSED:**

- Provisions of the measure.

**EFFECT OF AMENDMENT:**

Replaces the measure. Restricts an investor from controlling the clinical judgment of a licensed health care provider, subject to civil penalty and referral to law enforcement.

Definitions

Defines “professional medical entity” as a professional corporation or limited liability company formed for the purpose of practicing medicine.

Defines “health care funder” as a person who provides money, materials, or capital investments to a professional medical entity.

Defines “health care investor” as a person, other than a health care provider, with an ownership interest in a professional medical entity.

Restrictions on investor or funder control

- Restricts an investor or funder from directing or controlling the clinical practice or professional medical judgment of a health care provider, including
  - treatment plans
  - prescriptions for medications or devices
  - referrals to specialists or other providers
  - staff-to-patient ratios
  - any other activity that within the practice of medicine
- Prohibits an investor or funder from restricting a medical entity’s funding in a way that would affect a health care provider’s clinical practice or the quality of care.

Enforcement

- Allows a licensee or medical entity to petition the relevant licensure board (“board”) (see ORS 413.164) to make a finding of violation or to mediate a dispute.
- Permits the board to impose a civil penalty of not more than \$5,000 for each instance of a violation, and in the case of a continuing violation, up to \$100,000.
- Classifies a violation by the funder or investor as a Class C felony upon determination that it is an unlawful practice, and allows the Oregon Medical Board, in addition to imposing a civil penalty, to refer the matter to

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law enforcement.

### BACKGROUND:

Oregon laws require corporations formed to practice medicine to be owned and controlled by licensed providers. ORS 058.375, ORS 063.074. These statutes are rooted in a doctrine called the corporate practice of medicine (CPOM). CPOM is a body of laws and policies based on the idea that allowing non-physicians to make decisions about health care delivery could be ethically problematic for physicians and result in lower quality care for patients. ([Chase-Lubitz, "The Corporate Practice of Medicine Doctrine," 40 Vanderbilt Law Review 445 \(1987\)](#)).

Except for hospitals and certain rural clinics, the majority interest in a corporation formed to practice medicine in Oregon must be owned by physicians. Despite longstanding limitations on the corporate practice of medicine, scholars have identified ways in which non-physicians are able to own and control health care practices. ([Zhu et al, "A Doctrine in Name Only," New England Journal of Medicine \(2023\)](#)).

Senate Bill 951 MR A restricts an investor from controlling the clinical judgment of a licensed health care provider, subject to civil penalty and referral to law enforcement.