

# House Bill 3225

Sponsored by Representatives NATHANSON, BOWMAN; Representative CHAICHI (Presession filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Says what a doctor must do to be among the majority of the directors of, or to hold most of the shares of, a company that is formed to practice medicine. Takes effect 91 days after the session ends. (Flesch Readability Score: 67.7).

Specifies qualifications for a physician who is among the majority of the shareholders or directors of a professional corporation organized for the purpose of practicing medicine.

Takes effect on the 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to control of a professional corporation organized for the purpose of practicing medicine;  
3 amending ORS 58.375; and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 58.375 is amended to read:

6 58.375. (1) In a professional corporation organized for the purpose of practicing medicine:

7 (a) Physicians who are licensed in this state to practice medicine must hold the majority of each  
8 class of shares that are entitled to vote.

9 (b) Physicians who are licensed in this state to practice medicine must be a majority of the di-  
10 rectors.

11 (c) All officers except the secretary and treasurer, if any, must be physicians who are licensed  
12 in this state to practice medicine. The same person may hold any two or more offices.

13 (d) Except as otherwise provided by law, the Oregon Medical Board may expressly require that  
14 physicians who are licensed in this state to practice medicine hold more than a majority of each  
15 class of shares that is entitled to vote.

16 (e) Except as otherwise provided by law, the Oregon Medical Board may expressly require that  
17 physicians who are licensed in this state to practice medicine be more than a majority of the di-  
18 rectors.

19 **(2) A professional corporation organized for the purpose of practicing medicine does not**  
20 **comply with the requirements set forth in subsection (1) of this section unless each of the**  
21 **physicians who collectively form the majorities described in subsection (1)(a) and (b) of this**  
22 **section or who are officers of the professional corporation:**

23 **(a) Has a domicile within this state determined in accordance with ORS 15.420;**

24 **(b) Resides within this state not fewer than 275 days out of each calendar year; and**

25 **(c) Is actively involved in providing or managing patient care.**

26 **[2]** **(3)** A professional corporation may be a shareholder of a professional corporation organized  
27 for the purpose of practicing medicine solely for the purpose of effecting a reorganization as defined  
28 in the Internal Revenue Code.

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 [(3)(a)] (4)(a) The provisions of subsections (1) [and (2)] to (3) of this section do not apply to:

2 (A) A nonprofit corporation that is organized under Oregon law to provide medical services to  
3 migrant, rural, homeless or other medically underserved populations under 42 U.S.C. 254b or 254c,  
4 as in effect on January 1, 2018;

5 (B) A health center that is qualified under 42 U.S.C. 1396d(1)(2)(B), as in effect on January 1,  
6 2018, that operates in compliance with other applicable state or federal law; or

7 (C) Except as provided in paragraph (b) of this subsection, a for-profit or nonprofit business en-  
8 tity that is incorporated or organized under the laws of this state, that provides the entirety of the  
9 business entity's medical services through one or more rural health clinics, as defined in 42 U.S.C.  
10 1395x, as in effect on January 1, 2018, and that operates in compliance with state and federal laws  
11 that apply to rural health clinics.

12 (b) A business entity is exempt under this subsection for a period of up to one year after the  
13 business entity establishes a rural health clinic, even though the rural health clinic that the busi-  
14 ness entity establishes does not meet all of the elements of the definition set forth in 42 U.S.C.  
15 1395x, as in effect on January 1, 2018, if during the one-year period an applicable certification for  
16 the rural health clinic is pending.

17 **SECTION 2. This 2025 Act takes effect on the 91st day after the date on which the 2025**  
18 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**

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