

# Senate Bill 951

Sponsored by Senator PATTERSON, Representatives BOWMAN, JAVADI, Senators CAMPOS, TAYLOR, Representatives FRAGALA, MANNIX, MCDONALD, NATHANSON, OWENS, WALLAN; Representatives MCINTIRE, WRIGHT

## 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: Stops people in charge of companies that do not do medical work from running both the company and another entity that does medical work. Stops companies from telling their workers that they cannot work for someone else, say that the company is bad or speak out about bad acts. Stops companies from punishing those who speak out. (Flesch Readability Score: 61.3).

Prohibits a management services organization, an individual who works as an independent contractor with a management services organization or a shareholder, director, officer or employee of a management services organization from owning or controlling shares in, serving as a director or officer of, being an employee of, working as an independent contractor with or otherwise managing, directing the management of or participating in managing a professional medical entity with which the management services organization has a contract for management services. Specifies what conduct constitutes ownership or control of a professional medical entity.

Voids noncompetition agreements, nondisclosure agreements and nondisparagement agreements between certain business entities and medical professionals, with specified exceptions, and prohibits the business entities from retaliating against the medical professional for violating the void agreements.

Punishes violations of specified provisions of the Act as an unlawful trade practice under the Unlawful Trade Practices Act.

Declares an emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to the practice of health care; creating new provisions; amending ORS 58.375, 58.376, and  
3 646.607; and declaring an emergency.

4 Whereas the State of Oregon since 1947 has recognized that a conflict exists between the eco-  
5 nomic imperatives of for-profit corporations and other business entities and the need for patient-  
6 centered medical care; and

7 Whereas an Oregon Supreme Court decision banned corporations from owning medical practices,  
8 practicing medicine or employing physicians for that reason; and

9 Whereas many business entities have sought to circumvent the ban through complex ownership  
10 structures, contracting practices and other means, particularly in recent years; and

11 Whereas the State of Oregon must protect the health, safety and welfare of residents of this  
12 state by responding to initiatives that threaten to usurp or have the effect of usurping the medical  
13 judgment of physicians and other practitioners in this state in favor of cost-cutting and profit-  
14 making, often at the expense of and in opposition to the best interests of patients; and

15 Whereas some business entities have sought to silence criticism of their operations and man-  
16 agement practices through nondisclosure, noncompetition and nondisparagement agreements and  
17 other devices that stifle reporting of and accountability for these operations and practices; and

18 Whereas to protect the best interests of patients in this state, and enable medical practitioners  
19 to exercise medical judgment free from interference from those who are not licensed to practice  
20 medicine in this state, the Legislative Assembly must prohibit business entities from practicing

**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 medicine or employing actively practicing physicians and other practitioners and using noncompe-  
 2 tition agreements, nondisclosure agreements and nondisparagement agreements to restrict reason-  
 3 able and honest criticism; now, therefore,

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

5 **SECTION 1. (1) As used in this section:**

6 (a) **“Affiliate” means a person that controls, is controlled by or is under common control**  
 7 **with another person.**

8 (b) **“Management services” means services for or on behalf of a professional medical**  
 9 **entity that include:**

10 (A) **Payroll;**

11 (B) **Human resources;**

12 (C) **Employment screening;**

13 (D) **Employee relations; or**

14 (E) **Any other administrative or business services that support or enable a professional**  
 15 **medical entity’s medical purpose but that do not constitute:**

16 (i) **Practicing medicine;**

17 (ii) **Allowing physicians, physician assistants and nurse practitioners to jointly render**  
 18 **professional health care services; or**

19 (iii) **Practicing naturopathic medicine.**

20 (c)(A) **“Management services organization” means an entity that under a written agree-**  
 21 **ment, and in return for compensation, provides management services to a professional**  
 22 **medical entity.**

23 (B) **“Management services organization” does not include a hospital, as defined in ORS**  
 24 **442.015, or a hospital-affiliated clinic, as defined in ORS 442.612.**

25 (d) **“Medical licensee” means an individual who is licensed in this state:**

26 (A) **To practice medicine under ORS 677.110;**

27 (B) **As a nurse practitioner under ORS 678.375;**

28 (C) **As a physician associate under ORS 677.512; or**

29 (D) **To practice naturopathic medicine under ORS 685.100.**

30 (e) **“Medical purpose” means, as appropriate:**

31 (A) **The purpose of practicing medicine;**

32 (B) **The purpose of allowing physicians, physician assistants and nurse practitioners to**  
 33 **jointly render professional health care services; or**

34 (C) **The purpose of practicing naturopathic medicine.**

35 (f) **“Professional medical entity” means:**

36 (A) **A professional corporation, as defined in ORS 58.375;**

37 (B) **A professional corporation, as defined in ORS 58.376;**

38 (C) **A professional corporation, as defined in section 5 of this 2025 Act;**

39 (D) **A limited liability company or foreign limited liability company with authority to**  
 40 **transact business in this state that is organized for a medical purpose;**

41 (E) **A partnership or foreign partnership with authority to transact business in this**  
 42 **state, or a limited liability partnership or foreign limited liability partnership with authority**  
 43 **to transact business in this state, that is organized for a medical purpose; or**

44 (F) **A limited partnership or foreign limited partnership with authority to transact busi-**  
 45 **ness in this state that is organized for a medical purpose.**

1       **(2)(a) Except as provided in subsection (3) of this section, a management services or-**  
 2 **ganization, an individual who works with a management services organization as an inde-**  
 3 **pendent contractor or a shareholder, director, member, manager, officer or employee of a**  
 4 **management services organization may not:**

5       **(A) Own or control shares in, serve as a director or officer of, be an employee of, work**  
 6 **as an independent contractor with, or otherwise manage, direct the management of or par-**  
 7 **ticipate in managing a professional medical entity with which the management services or-**  
 8 **ganization has a contract for management services;**

9       **(B) Exercise a proxy or take or exercise on behalf of another person a right or power to**  
 10 **vote the shares of a professional medical entity with which the management services or-**  
 11 **ganization has a contract for management services; or**

12       **(C) Participate in hiring, terminating, evaluating the performance of, setting work**  
 13 **schedules or compensation for, or otherwise specifying terms of employment of a medical**  
 14 **licensee that a professional medical entity employs or may employ if the management ser-**  
 15 **vices organization has a contract for management services with the professional medical**  
 16 **entity.**

17       **(b) A management services organization owns or controls, manages, directs the man-**  
 18 **agement of or participates in managing a professional medical entity if the management**  
 19 **services organization:**

20       **(A) Controls or enters into an agreement to control or restrict the sale or transfer of**  
 21 **the professional medical entity's shares, interest or assets in anticipation of, upon the oc-**  
 22 **currence of or as required by any of the conditions listed in paragraph (c) of this subsection,**  
 23 **or otherwise permits a person other than a medical licensee to control or restrict the sale**  
 24 **or transfer of the professional medical entity's shares, interest or assets in anticipation of,**  
 25 **upon the occurrence of or as required by any of the conditions listed in paragraph (c) of this**  
 26 **subsection;**

27       **(B) Issues shares of stock, or causes the professional medical entity to issue shares of**  
 28 **stock, in the professional medical entity, in a subsidiary of the professional medical entity**  
 29 **or in an affiliate of the professional medical entity;**

30       **(C) Pays dividends from shares or an ownership interest in the professional medical en-**  
 31 **tity;**

32       **(D) Acquires or finances the acquisition of the majority of the shares of a professional**  
 33 **medical entity;**

34       **(E) Advertises the professional medical entity's services under the name of an entity that**  
 35 **is not a professional medical entity; or**

36       **(F) Manages or directs the management of the professional medical entity or otherwise**  
 37 **exercises de facto control over administrative, business or clinical operations of the medical**  
 38 **entity in a manner that affects the professional medical entity's clinical decision making or**  
 39 **the nature or quality of medical care that the professional medical entity delivers, which**  
 40 **management includes, but is not limited to, exercising ultimate decision-making authority**  
 41 **over:**

42       **(i) Hiring or terminating, setting work schedules or compensation for, or otherwise**  
 43 **specifying terms of employment of medical licensees;**

44       **(ii) Setting staffing levels, or specifying the period of time a medical licensee may see a**  
 45 **patient, for any location that serves patients;**

- 1       (iii) Making diagnostic coding decisions;
- 2       (iv) Setting clinical standards or policies;
- 3       (v) Setting policies for patient, client or customer billing and collection;
- 4       (vi) Setting the prices, rates or amounts the professional medical entity charges for a
- 5 medical licensee's services; or
- 6       (vii) Negotiating, executing, performing, enforcing or terminating contracts with third-
- 7 party payors or persons that are not employees of the professional medical entity.
- 8       (c) Conditions under which a professional medical entity may restrict a sale of the pro-
- 9 fessional medical entity's stock, interest or assets include:
- 10       (A) The suspension or revocation of a shareholder's or member's professional license in
- 11 this or another state;
- 12       (B) A shareholder's or member's disqualification from holding stock or an interest in the
- 13 professional medical entity;
- 14       (C) A shareholder's or member's exclusion, debarment or suspension from a federal
- 15 health care program or an investigation that could result in the shareholder's or member's
- 16 exclusion, debarment or suspension;
- 17       (D) A shareholder's or member's indictment for a felony or another crime that involves
- 18 fraud or moral turpitude;
- 19       (E) A dissolution of the professional medical entity; or
- 20       (F) The termination or breach of a contract for management services between a share-
- 21 holder and a management services organization or the professional medical entity.
- 22       (d) The activities described in paragraph (b) of this subsection do not prohibit:
- 23       (A) A management services organization from:
- 24       (i) Providing services to assist in carrying out the activities described in paragraph (b)
- 25 of this subsection if the services the management services organization provides do not
- 26 constitute an exercise of ultimate decision-making authority over the activity or control over
- 27 the business operations or the clinical practices or decisions of the professional medical en-
- 28 tity or medical licensees;
- 29       (ii) Purchasing, leasing or taking an assignment of a right to possess the assets of a
- 30 professional medical entity in an arms-length transaction with a willing seller, lessor or
- 31 assignor;
- 32       (iii) Providing support, advice and consultation on all matters related to a professional
- 33 medical entity's business operations, such as accounting, budgeting, personnel management,
- 34 real estate and facilities management and compliance with applicable laws, rules and regu-
- 35 lations; or
- 36       (iv) Advising and providing direction concerning a professional medical entity's partic-
- 37 ipation in value-based contracts, payor arrangements or contracts with suppliers and ven-
- 38 dors;
- 39       (B) Collection of quality metrics as required by law or in accordance with an agreement
- 40 to which the professional medical entity is a party; or
- 41       (C) Setting criteria for reimbursement under a contract between the professional medical
- 42 entity and an insurer.
- 43       (3) Subsection (2) of this section does not apply to:
- 44       (a) An individual who provides medical services or health care services for or on behalf
- 45 of a professional medical entity if the individual:

1 (A) Does not own or control more than 10 percent of the total shares of or interest in  
2 the professional medical entity;

3 (B) Is not a shareholder in or a director, member, manager, officer or employee of a  
4 management services organization; and

5 (C) Is compensated at the market rate for the medical services or health care services  
6 and the individual's employment and services that the individual provides to the management  
7 services organization are entirely consistent with the individual's professional obligations,  
8 ethics and duties to the professional medical entity and the individual's patients;

9 (b) An individual who owns shares or an interest in a professional medical entity and a  
10 management services organization with which the professional medical entity has a contract  
11 for management services if the individual's ownership of shares or an interest in the pro-  
12 fessional medical entity is incidental and without relation to the individual's compensation  
13 as a shareholder, director, member, manager, officer or employee of, or contractor with, the  
14 management services organization;

15 (c) The shareholders, directors, members, managers, officers or employees of a profes-  
16 sional medical entity if the professional medical entity functions as a management services  
17 organization or owns a majority of the shares of or interest in the management services  
18 organization;

19 (d) A physician who is a shareholder, director or officer of a professional medical entity  
20 and who also serves as a director or officer of a management services organization with  
21 which the professional medical entity has a contract for management services if:

22 (A) The physician does not receive compensation from the management services organ-  
23 ization for serving as a director or officer of the management services organization;

24 (B) An action of the management services organization that materially affects the pro-  
25 fessional, ownership or governance interests of minority owners in the management services  
26 organization requires a vote of more than a majority of the shares of the management ser-  
27 vices organization that are entitled to vote, including the shares held by professional medical  
28 entities with voting rights in the management services organization; and

29 (C) The management services organization and all of the professional medical entities  
30 that have voting rights in the management services organization were incorporated or or-  
31 ganized, and entered into agreements for the provision of management services, before Jan-  
32 uary 1, 2026;

33 (e) A management services organization that holds a majority of the shares of or interest  
34 in a professional medical entity if the professional medical entity is solely and exclusively:

35 (A) A PACE organization or engaged in providing professional health care services to a  
36 PACE organization, as defined in 42 C.F.R. 460.6, as in effect on the effective date of this 2025  
37 Act, and authorized in this state as a PACE organization;

38 (B) A mental health or substance use disorder crisis line provider;

39 (C) An urban Indian health program in this state that is funded under 25 U.S.C. 1601 et  
40 seq., as in effect on the effective date of this 2025 Act;

41 (D) A recipient of a Tribal Behavioral Health or Native Connections program grant from  
42 the federal Substance Abuse and Mental Health Services Administration;

43 (E) An entity that provides behavioral health care, other than a hospital, that the Oregon  
44 Health Authority has certified to provide behavioral health care or that is a licensed opioid  
45 treatment program, a qualified medical provider that primarily provides office-based and

1 medication-assisted treatment services, a provider of withdrawal management services or a  
2 sobering center;

3 (F) A hospital, as defined in ORS 442.015, or a hospital-affiliated clinic, as defined in ORS  
4 442.612;

5 (G) A long term care facility, as defined in ORS 442.015; or

6 (H) A residential care facility, as defined in ORS 443.400.

7 (4) Subsection (2)(a)(A) of this section does not apply to:

8 (a) An entity that is engaged in the practice of telemedicine, as defined in ORS 677.494,  
9 and does not have a physical presence in this state; and

10 (b) A coordinated care organization, as defined in ORS 414.025, that before January 1,  
11 2026, owned or controlled shares or an interest in a professional medical entity or had the  
12 power to manage or direct the management of the professional medical entity by contract  
13 or otherwise.

14 (5) An individual who is employed by or seeks employment with a management services  
15 organization and is a shareholder, director, member, manager, officer or employee of a pro-  
16 fessional medical entity must actively participate in the medical or clinical practice or man-  
17 agement of the professional medical entity and be subject to the professional obligations,  
18 ethics and duties to the professional medical entity and the individual's patients that are  
19 required under the individual's license. The management services organization must verify  
20 the individual's active participation and compliance with the individual's professional obli-  
21 gations, ethics and duties before employing the individual.

22 **SECTION 2.** ORS 58.375 is amended to read:

23 58.375. (1) As used in this section, "professional corporation" means a professional cor-  
24 poration organized for the purpose of practicing medicine or a foreign professional corpo-  
25 ration with authority to transact business in this state that is organized for the purpose of  
26 practicing medicine.

27 [(1)] (2) In a professional corporation [*organized for the purpose of practicing medicine*]:

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

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

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

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

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

40 [(2)] (3) A [*professional*] corporation **that is not organized for the purpose of practicing**  
41 **medicine** may be a shareholder of a professional corporation [*organized for the purpose of practicing*  
42 *medicine*] solely for the purpose of effecting a reorganization as defined in the Internal Revenue  
43 Code.

44 (4)(a) **Except as provided in paragraph (b) of this subsection, a professional corporation**  
45 **may not provide in the professional corporation's articles of incorporation or bylaws, or by**

1 means of a contract or other agreement or arrangement, for removing a director described  
 2 in subsection (2)(b) of this section from the professional corporation's board of directors, or  
 3 an officer described in subsection (2)(c) of this section from an office of the professional  
 4 corporation, except by a majority vote of the shareholders described in subsection (2)(a) of  
 5 this section or, as appropriate, a majority vote of the directors described in subsection (2)(b)  
 6 of this section.

7 (b) A professional corporation may remove a director or officer by means other than a  
 8 majority vote of the shareholders described in subsection (2)(a) of this section or a majority  
 9 vote of the directors described in subsection (2)(b) of this section if the director or officer  
 10 that is subject to removal:

11 (A) Violated a duty of care, a duty of loyalty or another fiduciary duty to the professional  
 12 corporation;

13 (B) Was the subject of a disciplinary proceeding by the Oregon Medical Board in which  
 14 the board suspended or revoked the director's or officer's license to practice medicine in this  
 15 state; or

16 (C) Engaged in fraud, misfeasance or malfeasance with respect to the director's or  
 17 officer's performance of duties for or on behalf of the professional corporation.

18 (5) A professional corporation may relinquish or transfer control over the professional  
 19 corporation's administrative, business or clinical operations only if the professional corpo-  
 20 ration executes a shareholder agreement exclusively between or among and for the benefit  
 21 of a majority of shareholders who are physicians licensed in this state to practice medicine  
 22 and the shareholder agreement complies with the provisions of ORS 60.265.

23 [(3)(a)] (6)(a) The provisions of [subsections (1) and (2) of] this section do not apply to:

24 (A) A nonprofit corporation that is organized under [Oregon law] the laws of this state to  
 25 provide medical services to migrant, rural, homeless or other medically underserved populations  
 26 under 42 U.S.C. 254b or 254c, as in effect on [January 1, 2018] the effective date of this 2025  
 27 Act;

28 (B) A health center that is qualified under 42 U.S.C. 1396d(1)(2)(B), as in effect on [January 1,  
 29 2018] the effective date of this 2025 Act, that operates in compliance with other applicable state  
 30 or federal law; or

31 (C) Except as provided in paragraph (b) of this subsection, a for-profit or nonprofit business en-  
 32 tity that is incorporated or organized under the laws of this state, that provides the entirety of the  
 33 business entity's medical services through one or more rural health clinics, as defined in 42 U.S.C.  
 34 1395x, as in effect on [January 1, 2018] the effective date of this 2025 Act, and that operates in  
 35 compliance with state and federal laws that apply to rural health clinics.

36 (b) A business entity is exempt under this subsection for a period of up to one year after the  
 37 business entity establishes a rural health clinic, even though the rural health clinic that the busi-  
 38 ness entity establishes does not meet all of the elements of the definition set forth in 42 U.S.C.  
 39 1395x, as in effect on [January 1, 2018] the effective date of this 2025 Act, if during the one-year  
 40 period an applicable certification for the rural health clinic is pending.

41 **SECTION 3.** ORS 58.376, as amended by section 21, chapter 73, Oregon Laws 2024, is amended  
 42 to read:

43 58.376. (1) As used in this section[,]:

44 (a) "Licensee" means an individual who has a license as a physician or a license as a physician  
 45 associate from the Oregon Medical Board or who has a license as a nurse practitioner from the

1 Oregon State Board of Nursing.

2 **(b) “Professional corporation” means a professional corporation that is organized for the**  
 3 **purpose of allowing physicians, physician associates and nurse practitioners to jointly render**  
 4 **professional health care services or a foreign professional corporation with authority to**  
 5 **transact business in this state that is organized for the purpose of allowing physicians, phy-**  
 6 **sician associates and nurse practitioners to jointly render professional health care services.**

7 (2)(a) In a professional corporation [*that is organized for the purpose of allowing physicians,*  
 8 *physician associates and nurse practitioners to jointly render professional health care services*],  
 9 licensees must:

10 [(a)] (A) Hold a majority of each class of shares of the professional corporation that is entitled  
 11 to vote; and

12 [(b)] (B) Be a majority of the directors of the professional corporation.

13 **(b) All officers of a professional corporation, except the secretary and treasurer, if any,**  
 14 **must be licensees. The same person may hold any two or more offices.**

15 (3) An individual whom the professional corporation employs, or an individual who owns an in-  
 16 terest in the professional corporation, may not direct or control the professional judgment of a  
 17 licensee who is practicing within the professional corporation and within the scope of practice per-  
 18 mitted under the licensee’s license.

19 (4) A licensee whom the professional corporation employs, or a licensee who owns an interest  
 20 in the professional corporation, may not direct or control the services of another licensee who is  
 21 practicing within the professional corporation unless the other licensee is also practicing within the  
 22 scope of practice permitted under the licensee’s license.

23 **(5)(a) Except as provided in paragraph (b) of this subsection, a professional corporation**  
 24 **may not provide in the professional corporation’s articles of incorporation or bylaws, or by**  
 25 **means of a contract or other agreement or arrangement, for removing a director described**  
 26 **in subsection (2)(a)(B) of this section from the professional corporation’s board of directors,**  
 27 **or an officer described in subsection (2)(b) of this section from an office of the professional**  
 28 **corporation, except by a majority vote of the shareholders described in subsection (2)(a)(A)**  
 29 **of this section or, as appropriate, a majority vote of the directors described in subsection**  
 30 **(2)(a)(B) of this section.**

31 **(b) A professional corporation may remove a director or officer by means other than a**  
 32 **majority vote of the shareholders described in subsection (2)(a)(A) of this section or a ma-**  
 33 **jority vote of the directors described in subsection (2)(a)(B) of this section if the director or**  
 34 **officer that is subject to removal:**

35 **(A) Violated a duty of care, a duty of loyalty or another fiduciary duty to the professional**  
 36 **corporation;**

37 **(B) Was the subject of a disciplinary proceeding by the regulatory board that governs the**  
 38 **director’s or officer’s practice as a licensee in which the board suspended or revoked the**  
 39 **director’s or officer’s license; or**

40 **(C) Engaged in fraud, misfeasance or malfeasance with respect to the director’s or**  
 41 **officer’s performance of duties for or on behalf of the professional corporation.**

42 **(6) A professional corporation may relinquish or transfer control over the professional**  
 43 **corporation’s administrative, business or clinical operations only if the professional corpo-**  
 44 **ration executes a shareholder agreement exclusively between or among and for the benefit**  
 45 **of a majority of shareholders described in subsection (2)(a)(A) of this section and the share-**

1 **holder agreement complies with the provisions of ORS 60.265.**

2 [(5)] (7) A professional corporation that is subject to ORS 58.375 may elect to become subject  
3 to this section by amending the professional corporation's articles of incorporation or bylaws.

4 **SECTION 4. Section 5 of this 2025 Act is added to and made a part of ORS chapter 58.**

5 **SECTION 5. (1) As used in this section:**

6 (a) "Naturopathic medicine" has the meaning given that term in ORS 685.010.

7 (b) "Naturopathic physician" has the meaning given that term in ORS 685.010.

8 (c) "Professional corporation" means a professional corporation organized for the pur-  
9 pose of practicing naturopathic medicine or a foreign professional corporation with authority  
10 to transact business in this state that is organized for the purpose of practicing naturopathic  
11 medicine.

12 (2)(a) In a professional corporation, naturopathic physicians must:

13 (A) Hold a majority of each class of shares of the professional corporation that is entitled  
14 to vote; and

15 (B) Be a majority of the directors of the professional corporation.

16 (b) All officers of a professional corporation, except the secretary and treasurer, if any,  
17 must be naturopathic physicians. The same person may hold any two or more offices.

18 (3) An individual whom the professional corporation employs, or an individual who owns  
19 an interest in the professional corporation, may not direct or control the professional judg-  
20 ment of a naturopathic physician who is practicing within the professional corporation and  
21 within the scope of practice permitted under the naturopathic physician's license.

22 (4)(a) Except as provided in paragraph (b) of this subsection, a professional corporation  
23 may not provide in the professional corporation's articles of incorporation or bylaws, or by  
24 means of a contract or other agreement or arrangement, for removing a director described  
25 in subsection (2)(a)(B) of this section from the professional corporation's board of directors,  
26 or an officer described in subsection (2)(b) of this section from an office of the professional  
27 corporation, except by a majority vote of the shareholders described in subsection (2)(a)(A)  
28 of this section or, as appropriate, a majority vote of the directors described in subsection  
29 (2)(a)(B) of this section.

30 (b) A professional corporation may remove a director or officer by means other than a  
31 majority vote of the shareholders described in subsection (2)(a)(A) of this section or a ma-  
32 jority vote of the directors described in subsection (2)(a)(B) of this section if the director or  
33 officer that is subject to removal:

34 (A) Violated a duty of care, a duty of loyalty or another fiduciary duty to the professional  
35 corporation;

36 (B) Was the subject of a disciplinary proceeding by the Oregon Board of Naturopathic  
37 Medicine in which the board suspended or revoked the director's or officer's license; or

38 (C) Engaged in fraud, misfeasance or malfeasance with respect to the director's or  
39 officer's performance of duties for or on behalf of the professional corporation.

40 (5) A professional corporation may relinquish or transfer control over the professional  
41 corporation's administrative, business or clinical operations only if the professional corpo-  
42 ration executes a shareholder agreement exclusively between or among and for the benefit  
43 of a majority of shareholders who are naturopathic physicians licensed in this state to  
44 practice naturopathic medicine and the shareholder agreement complies with the provisions  
45 of ORS 60.265.

1       **SECTION 6.** Sections 7 and 8 of this 2025 Act are added to and made a part of ORS  
2 chapter 677.

3       **SECTION 7.** (1) As used in this section and section 8 of this 2025 Act:

4       (a) “Disciplinary action” means discrimination, dismissal, demotion, transfer, reassign-  
5 ment, supervisory reprimand, warning of possible dismissal or withholding of work, even if  
6 the action does not affect or will not affect a licensee’s compensation.

7       (b) “Management services organization” has the meaning given that term in section 1  
8 of this 2025 Act.

9       (c) “Noncompetition agreement” means a written agreement between a licensee and an-  
10 other person under which the licensee agrees that the licensee, either alone or as an em-  
11 ployee, associate or affiliate of a third person, will not compete with the other person in  
12 providing products, processes or services that are similar to the other person’s products,  
13 processes or services for a period of time or within a specified geographic area after termi-  
14 nation of employment or termination of a contract under which the licensee supplied goods  
15 to or performed services for the other person.

16       (d) “Nondisclosure agreement” means a written agreement under the terms of which a  
17 licensee must refrain from disclosing partially, fully, directly or indirectly to any person,  
18 other than another party to the written agreement or to a person specified in the agreement  
19 as a third-party beneficiary of the agreement:

20       (A) A policy or practice that a party to the agreement required the licensee to use, in  
21 patient care, other than individually identifiable health information that the licensee may not  
22 disclose under the Health Insurance Portability and Accountability Act of 1996, P.L. 104-191,  
23 as in effect on the effective date of this 2025 Act;

24       (B) A policy, practice or other information about or associated with the licensee’s em-  
25 ployment, conditions of employment or rate or amount of pay or other compensation; or

26       (C) Any other information the licensee possesses or to which the licensee has access by  
27 reason of the licensee’s employment by, or provision of services for or on behalf of, a party  
28 to the agreement, other than information that is subject to protection under applicable law  
29 as a trade secret of, or as otherwise proprietary to, another party to the agreement or to a  
30 person specified in the agreement as a third-party beneficiary of the agreement.

31       (e) “Nondisparagement agreement” means a written agreement under which a licensee  
32 must refrain from making to a third party a statement about another party to the agree-  
33 ment or about another person specified in the agreement as a third-party beneficiary of the  
34 agreement, the effect of which causes or threatens to cause harm to the other party’s or  
35 person’s reputation, business relations or other economic interests.

36       (f) “Professional medical entity” has the meaning given that term in section 1 of this 2025  
37 Act.

38       (2)(a) Notwithstanding ORS 653.295 (1) and (2), and except as provided in paragraph (b)  
39 of this subsection, a noncompetition agreement between a licensee and another person is  
40 void and unenforceable.

41       (b) A noncompetition agreement between a licensee and another person is valid and en-  
42 forceable to the extent and under the terms provided in ORS 653.295 if:

43       (A) The licensee is a shareholder or member of the other person or otherwise owns or  
44 controls an ownership or membership interest and:

45       (i) The licensee’s ownership or membership interest in the other person is equivalent to

1 10 percent or more of the entire ownership or membership interest that exists in the other  
 2 person; or

3 (ii) The licensee’s ownership or membership interest in the other person is equivalent to  
 4 10 percent or less of the entire ownership or membership interest that exists in the other  
 5 person, but the licensee has not sold or transferred the ownership or membership interest  
 6 as of the date of the noncompetition agreement;

7 (B) The licensee is a shareholder or member of a professional medical entity that does  
 8 not have a contract for management services with a management services organization and  
 9 the noncompetition agreement is with the professional medical entity; or

10 (C) The licensee does not engage directly in providing medical services, health care ser-  
 11 vices or clinical care.

12 (3)(a) Except as provided in paragraph (b) of this subsection, a nondisclosure agreement  
 13 or nondisparagement agreement between a licensee and a management services organization,  
 14 or between a licensee and a hospital, as defined in ORS 442.015, or hospital-affiliated clinic,  
 15 as defined in ORS 442.612, if either the hospital or the hospital-affiliated clinic employs a  
 16 licensee, is void and unenforceable.

17 (b) A nondisclosure agreement or nondisparagement agreement described in paragraph  
 18 (a) of this subsection is valid and enforceable against a licensee if a management services  
 19 organization, hospital or hospital-affiliated clinic terminated the licensee’s employment for  
 20 cause, except that the management services organization, hospital or hospital-affiliated clinic  
 21 may not enforce a nondisclosure agreement or nondisparagement agreement against a  
 22 licensee for the licensee’s good faith report of information that the licensee believes is evi-  
 23 dence of a violation of a state or federal law, rule or regulation.

24 (c) Paragraph (a) of this subsection does not limit or otherwise affect any cause of action  
 25 that:

26 (A) A party to, or third-party beneficiary of, the agreement may have with respect to a  
 27 statement of a licensee that constitutes libel, slander, a tortious interference with contrac-  
 28 tual relations or another tort for which the party has a cause of action against the licensee;  
 29 and

30 (B) Does not depend upon or derive from a breach or violation of an agreement described  
 31 in paragraph (a) of this subsection.

32 **SECTION 8.** A management services organization or a professional medical entity may  
 33 not take disciplinary action against a licensee as retaliation for, or as a consequence of, the  
 34 licensee’s violation of a nondisclosure agreement or nondisparagement agreement or because  
 35 the licensee in good faith disclosed or reported information that the licensee believes is evi-  
 36 dence of a violation of a federal or state law, rule or regulation.

37 **SECTION 9.** (1) A violation of section 1, 7 or 8 of this 2025 Act is an unlawful trade  
 38 practice under ORS 646.607.

39 (2) Sections 1, 7 and 8 of this 2025 Act do not affect the authority of the Attorney General  
 40 to bring any action related to consumer protection or antitrust under the laws of this state.

41 (3) This section does not affect a person’s right to bring an action against a management  
 42 services organization, as defined in section 1 of this 2025 Act, for a violation of section 1, 7  
 43 or 8 of this 2025 Act or a violation of applicable state or federal law.

44 **SECTION 10.** ORS 646.607 is amended to read:

45 646.607. A person engages in an unlawful trade practice if in the course of the person’s business,

1 vocation or occupation the person:

2 (1) Employs any unconscionable tactic in connection with selling, renting or disposing of real  
3 estate, goods or services, or collecting or enforcing an obligation.

4 (2) Fails to deliver all or any portion of real estate, goods or services as promised, and at a  
5 customer's request, fails to refund money that the customer gave to the person to purchase the  
6 undelivered real estate, goods or services and that the person does not retain pursuant to any right,  
7 claim or defense the person may assert in good faith. This subsection does not create a warranty  
8 obligation and does not apply to a dispute over the quality of real estate, goods or services delivered  
9 to a customer.

10 (3) Violates ORS 401.965 (2).

11 (4) Violates a provision of ORS 646A.725 to 646A.750.

12 (5) Violates ORS 646A.530.

13 (6) Employs a collection practice that is unlawful under ORS 646.639.

14 (7) Is a beneficiary that violates ORS 86.726 (1)(a) or (2), 86.729 (4) or 86.732 (1) or (2).

15 (8) Violates ORS 646A.093.

16 (9) Violates a provision of ORS 646A.600 to 646A.628.

17 (10) Violates ORS 646A.808 (2).

18 (11) Violates ORS 336.184.

19 (12) Publishes on a website related to the person's business, or in a consumer agreement related  
20 to a consumer transaction, a statement or representation of fact in which the person asserts that  
21 the person, in a particular manner or for particular purposes, will use, disclose, collect, maintain,  
22 delete or dispose of information that the person requests, requires or receives from a consumer and  
23 the person uses, discloses, collects, maintains, deletes or disposes of the information in a manner  
24 that is materially inconsistent with the person's statement or representation.

25 (13) Violates ORS 646A.813 (2).

26 (14) Violates ORS 137.930 (1).

27 **(15) Violates section 1, 7 or 8 of this 2025 Act.**

28 **SECTION 11. (1) Sections 1, 5, 7, 8 and 9 of this 2025 Act and the amendments to ORS**  
29 **58.375, 58.376 and 646.607 by sections 2, 3, and 10 of this 2025 Act apply to contracts that a**  
30 **person enters into or renews on and after the effective date of this 2025 Act.**

31 **(2) Section 1 of this 2025 Act first applies on January 1, 2026, to management services**  
32 **organizations and professional medical entities that are incorporated or organized in this**  
33 **state on or after the effective date of this 2025 Act and to sales or transfers of ownership**  
34 **or membership interests in such management services organizations or professional medical**  
35 **entities that occur on or after the effective date of this 2025 Act.**

36 **(3) Section 1 of this 2025 Act first applies on January 1, 2029, to management services**  
37 **organizations and professional medical entities that existed before the effective date of this**  
38 **2025 Act and to sales or transfers of ownership or membership interests in such management**  
39 **services organizations or professional medical entities that occur on or after January 1, 2029.**

40 **SECTION 12. This 2025 Act being necessary for the immediate preservation of the public**  
41 **peace, health and safety, an emergency is declared to exist, and this 2025 Act takes effect**  
42 **on its passage.**