

SB 951-8  
(LC 593)  
3/20/25 (TSB/ps)

Requested by Representative BOWMAN

**PROPOSED AMENDMENTS TO  
SENATE BILL 951**

On page 1 of the printed bill, line 2, after “ORS” delete the rest of the line and line 3 and insert “58.375 and 58.376; and declaring an emergency.”.

On page 2, delete lines 5 through 45 and delete pages 3 through 12 and insert:

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

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

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

**“(A) Payroll;**

**“(B) Human resources;**

**“(C) Employment screening;**

**“(D) Employee relations; or**

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

**“(i) Practicing medicine, as described in ORS 677.085;**

**“(ii) Enabling physicians, physician associates and nurse practitioners to jointly render professional health care services; or**

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

**“(c) ‘Management services organization’ means an entity that un-**

der a written agreement, and in return for monetary compensation,  
provides management services to a professional medical entity.

“(d) ‘Medical licensee’ means an individual who is licensed in this  
state:

“(A) To practice medicine under ORS 677.110;

“(B) As a nurse practitioner under ORS 678.375;

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

“(D) To practice naturopathic medicine under ORS 685.100.

“(e) ‘Medical purpose’ means, as appropriate:

“(A) The purpose of practicing medicine, as described in ORS  
677.085;

“(B) The purpose of enabling physicians, physician associates and  
nurse practitioners to jointly render professional health care services;  
or

“(C) The purpose of practicing naturopathic medicine.

“(f) ‘Professional medical entity’ means:

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

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

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

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

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

“(F) A limited partnership or foreign limited partnership with au-  
thority to transact business in this state that is organized for a med-  
ical purpose.

1       “(2)(a) Except as provided in subsection (3) of this section, a man-  
2       agement services organization or a shareholder, director, member,  
3       manager, officer or employee of a management services organization  
4       may not:

5       “(A) Own or control individually, or in combination with the man-  
6       agement services organization or any other shareholder, director,  
7       member, manager, officer or employee of the management services  
8       organization, a majority of shares in a professional medical entity with  
9       which the management services organization has a contract for man-  
10      agement services;

11      “(B) Serve as a director or officer of, be an employee of, work as  
12      an independent contractor with or receive compensation from the  
13      management services organization to manage or direct the manage-  
14      ment of a professional medical entity with which the management  
15      services organization has a contract for management services;

16      “(C) Exercise a proxy or take or exercise on behalf of another per-  
17      son a right or power to vote the shares of a professional medical entity  
18      with which the management services organization has a contract for  
19      management services;

20      “(D) Control or enter into an agreement to control or restrict the  
21      sale or transfer of a professional medical entity’s shares, interest or  
22      assets, or otherwise permit a person other than a medical licensee to  
23      control or restrict the sale or transfer of the professional medical  
24      entity’s shares, interest or assets;

25      “(E) Issue shares of stock, or cause a professional medical entity  
26      to issue shares of stock, in the professional medical entity, in a sub-  
27      sidiary of the professional medical entity or in an affiliate of the pro-  
28      fessional medical entity;

29      “(F) Pay dividends from shares or an ownership interest in a pro-  
30      fessional medical entity;

1       “(G) Acquire or finance the acquisition of the majority of the shares  
2 of a professional medical entity; or

3       “(H) Exercise de facto control over administrative, business or  
4 clinical operations of a professional medical entity in a manner that  
5 affects the professional medical entity’s clinical decision making or  
6 the nature or quality of medical care that the professional medical  
7 entity delivers, which de facto control includes, but is not limited to,  
8 exercising ultimate decision-making authority over:

9       “(i) Hiring or terminating, setting work schedules or compensation  
10 for, or otherwise specifying terms of employment of medical licensees;

11       “(ii) Setting clinical staffing levels, or specifying the period of time  
12 a medical licensee may see a patient, for any location that serves pa-  
13 tients;

14       “(iii) Making diagnostic coding decisions;

15       “(iv) Setting clinical standards or policies;

16       “(v) Setting policies for patient, client or customer billing and col-  
17 lection;

18       “(vi) Advertising a professional medical entity’s services under the  
19 name of an entity that is not a professional medical entity;

20       “(vii) Setting the prices, rates or amounts the professional medical  
21 entity charges for a medical licensee’s services; or

22       “(viii) Negotiating, executing, performing, enforcing or terminating  
23 contracts with third-party payors or persons that are not employees  
24 of the professional medical entity.

25       “(b) Conditions under which a professional medical entity may en-  
26 ter into an agreement to control or restrict a transfer or sale of the  
27 professional medical entity’s stock, interest or assets include:

28       “(A) The suspension or revocation of a shareholder’s or member’s  
29 professional license in this or another state if the shareholder or  
30 member is a medical licensee;

1       “(B) A shareholder’s or member’s disqualification from holding  
2 stock or an interest in the professional medical entity;

3       “(C) A shareholder’s or member’s exclusion, debarment or suspen-  
4 sion from a federal health care program or an investigation that could  
5 result in the shareholder’s or member’s exclusion, debarment or sus-  
6 pension if the shareholder or member is a medical licensee;

7       “(D) A shareholder’s or member’s indictment for a felony or an-  
8 other crime that involves fraud or moral turpitude;

9       “(E) The professional medical entity’s breach of a contract for  
10 management services with a management services organization; or

11       “(F) The death, disability or permanent incapacity of a shareholder  
12 or member who is a medical licensee.

13       “(c) The activities described in paragraph (a) of this subsection do  
14 not prohibit:

15       “(A) A management services organization from:

16       “(i) Providing services to assist in carrying out the activities de-  
17 scribed in paragraph (a) of this subsection if the services the man-  
18 agement services organization provides do not constitute an exercise  
19 of de facto control over the administrative, business or clinical oper-  
20 ations of a professional medical entity in a manner that affects the  
21 professional medical entity’s clinical decision making or the nature  
22 or quality of medical care that the professional medical entity delivers;

23       “(ii) Purchasing, leasing or taking an assignment of a right to pos-  
24 sess the assets of a professional medical entity in an arms-length  
25 transaction with a willing seller, lessor or assignor;

26       “(iii) Providing support, advice and consultation on all matters re-  
27 lated to a professional medical entity’s business operations, such as  
28 accounting, budgeting, personnel management, real estate and facili-  
29 ties management and compliance with applicable laws, rules and reg-  
30 ulations; or

1       “(iv) Advising and providing direction concerning a professional  
2 medical entity’s participation in value-based contracts, payor ar-  
3 rangements or contracts with suppliers and vendors;

4       “(B) Collection of quality metrics as required by law or in accord-  
5 ance with an agreement to which a professional medical entity is a  
6 party; or

7       “(C) Setting criteria for reimbursement under a contract between  
8 a professional medical entity and an insurer.

9       “(3) Subsection (2) of this section does not apply to:

10       “(a) An individual who provides medical services or health care  
11 services for or on behalf of a professional medical entity if the indi-  
12 vidual:

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

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

17       “(C) Is compensated at the market rate for the medical services or  
18 health care services and the individual’s employment and services that  
19 the individual provides to the management services organization are  
20 entirely consistent with the individual’s professional obligations, eth-  
21 ics and duties to the professional medical entity and the individual’s  
22 patients;

23       “(b) An individual who owns shares or an interest in a professional  
24 medical entity and a management services organization with which  
25 the professional medical entity has a contract for management ser-  
26 vices if the individual’s ownership of shares or an interest in the  
27 management services organization is incidental and without relation  
28 to the individual’s compensation as a shareholder, director, member,  
29 manager, officer or employee of, or contractor with, the management  
30 services organization;

1       “(c) A professional medical entity and the shareholders, directors,  
2       members, managers, officers or employees of the professional medical  
3       entity if the professional medical entity functions as a management  
4       services organization or owns a majority of the shares of or interest  
5       in the management services organization;

6       “(d) A physician who is a shareholder, director or officer of a pro-  
7       fessional medical entity and who also serves as a director or officer  
8       of a management services organization with which the professional  
9       medical entity has a contract for management services if:

10      “(A) The physician does not receive compensation from the man-  
11      agement services organization for serving as a director or officer of  
12      the management services organization;

13      “(B) An action of the management services organization that  
14      materially affects the professional, ownership or governance interests  
15      of minority owners in the management services organization requires  
16      a vote of more than a majority of the shares of the management ser-  
17      vices organization that are entitled to vote, including the shares held  
18      by professional medical entities with voting rights in the management  
19      services organization; and

20      “(C) The management services organization and all of the profes-  
21      sional medical entities that have voting rights in the management  
22      services organization were incorporated or organized, and entered into  
23      agreements for the provision of management services, before January  
24      1, 2026; or

25      “(e) A management services organization that has a contract for  
26      management services with a professional medical entity if the profes-  
27      sional medical entity is solely and exclusively:

28      “(A) A PACE organization or engaged in providing professional  
29      health care services to a PACE organization, as defined in 42 C.F.R.  
30      460.6, as in effect on the effective date of this 2025 Act, and authorized

1 in this state as a PACE organization;

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

3 “(C) An urban Indian health program in this state that is funded  
4 under 25 U.S.C. 1601 et seq., as in effect on the effective date of this  
5 2025 Act;

6 “(D) A recipient of a Tribal Behavioral Health or Native Con-  
7 nections program grant from the federal Substance Abuse and Mental  
8 Health Services Administration;

9 “(E) An entity that:

10 “(i) Provides behavioral health care, other than a hospital, that the  
11 Oregon Health Authority has certified to provide behavioral health  
12 care;

13 “(ii) Has a contract for management services with an entity de-  
14 scribed in sub-subparagraph (i) of this subparagraph that is a  
15 nonprofit entity; or

16 “(iii) Is a licensed opioid treatment program, a licensed medical  
17 provider that primarily provides office-based or medication-assisted  
18 treatment services, a provider of withdrawal management services or  
19 a sobering center;

20 “(F) A hospital, as defined in ORS 442.015, or a hospital-affiliated  
21 clinic, as defined in ORS 442.612;

22 “(G) A long term care facility, as defined in ORS 442.015, or an af-  
23 filiate of a long term care facility; or

24 “(H) A residential care facility, as defined in ORS 443.400, or an af-  
25 filiate of a residential care facility.

26 “(4) Subsection (2)(a)(A), (B) and (C) of this section does not apply  
27 to:

28 “(a) An entity that is engaged in the practice of telemedicine, as  
29 defined in ORS 677.494, and does not have a physical location where  
30 patients receive clinical services in this state other than a physical



1 location that would be necessary to comply with 21 U.S.C. 829(e), as  
2 in effect on the effective date of this 2025 Act; and

3 “(b) A coordinated care organization, as defined in ORS 414.025, that  
4 before January 1, 2026, owned or controlled shares or an interest in a  
5 professional medical entity or had the power to manage or direct the  
6 management of the professional medical entity by contract or other-  
7 wise.

8 “(5)(a) In any contract or other agreement between a management  
9 services organization and a professional medical entity or a medical  
10 licensee, a provision that authorizes or implements, or purports to  
11 authorize or implement, an act or practice that violates a prohibition  
12 set forth in subsection (2)(a) of this section is void and unenforceable.

13 “(b) A medical licensee or professional medical entity that suffers  
14 an ascertainable loss of money or property as a result of a violation  
15 of a prohibition set forth in subsection (2)(a) of this section may bring  
16 an action against a management services organization with which the  
17 medical licensee or professional medical entity has a contract for  
18 management services, or a shareholder, director, member, manager,  
19 officer or employee of the management services organization, in a  
20 circuit court of this state to obtain:

21 “(A) Actual damages equivalent to the medical licensee’s or pro-  
22 fessional medical entity’s loss;

23 “(B) An injunction against an act or practice that violates the pro-  
24 hibition; and

25 “(C) Other equitable relief the court deems appropriate.

26 “(c) The trier of fact in an action under paragraph (b) of this sub-  
27 section may award punitive damages.

28 “(d) A court may award attorney fees and costs to a plaintiff that  
29 prevails in an action under paragraph (b) of this subsection.

30 “SECTION 2. ORS 58.375 is amended to read:

1       “58.375. (1) As used in this section, ‘professional corporation’ means  
2       a professional corporation organized for the purpose of practicing  
3       medicine.

4       “[(1)] (2) In a professional corporation [*organized for the purpose of prac-*  
5       *ticing medicine*]:

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

8       “(b) Physicians who are licensed in this state to practice medicine must  
9       be a majority of the directors.

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

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

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

20       “[(2)] (3) A [*professional*] corporation **that is not organized for the**  
21       **purpose of practicing medicine** may be a shareholder of a professional  
22       corporation [*organized for the purpose of practicing medicine*] solely for the  
23       purpose of effecting a reorganization as defined in the Internal Revenue  
24       Code.

25       “(4)(a) **Except as provided in paragraph (b) of this subsection, a**  
26       **professional corporation may not provide in the professional**  
27       **corporation’s articles of incorporation or bylaws, or by means of a**  
28       **contract or other agreement or arrangement, for removing a director**  
29       **described in subsection (2)(b) of this section from the professional**  
30       **corporation’s board of directors, or an officer described in subsection**

1 (2)(c) of this section from an office of the professional corporation,  
2 except by a majority vote of the shareholders described in subsection  
3 (2)(a) of this section or, as appropriate, a majority vote of the directors  
4 described in subsection (2)(b) of this section.

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

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

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

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

18 “(D) Resigned, separated or was terminated from employment with  
19 the professional corporation; or

20 “(E) Failed to meet standards or criteria the professional corpo-  
21 ration established for a position as a director or officer.

22 “(5) A professional corporation may relinquish or transfer control  
23 over the professional corporation’s administrative, business or clinical  
24 operations only if the professional corporation executes a shareholder  
25 agreement exclusively between or among and for the benefit of a ma-  
26 jority of shareholders who are physicians licensed in this state to  
27 practice medicine and the shareholder agreement complies with the  
28 provisions of ORS 60.265.

29 “[~~(3)(a)~~] (6)(a) The provisions of [*subsections (1) and (2) of*] this section  
30 do not apply to:

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

5 “(B) A health center that is qualified under 42 U.S.C. 1396d(1)(2)(B), as  
6 in effect on [*January 1, 2018*] **the effective date of this 2025 Act**, that op-  
7 erates in compliance with other applicable state or federal law; or

8 “(C) Except as provided in paragraph (b) of this subsection, a for-profit  
9 or nonprofit business entity that is incorporated or organized under the laws  
10 of this state, that provides the entirety of the business entity’s medical ser-  
11 vices through one or more rural health clinics, as defined in 42 U.S.C. 1395x,  
12 as in effect on [*January 1, 2018*] **the effective date of this 2025 Act**, and  
13 that operates in compliance with state and federal laws that apply to rural  
14 health clinics.

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

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

24 “58.376. (1) As used in this section[,]:

25 **“(a) ‘Licensee’** means an individual who has a license as a physician or  
26 a license as a physician associate from the Oregon Medical Board or who  
27 has a license as a nurse practitioner from the Oregon State Board of Nurs-  
28 ing.

29 **“(b) ‘Professional corporation’** means a professional corporation  
30 **that is organized for the purpose of enabling physicians, physician as-**

1 **sociates and nurse practitioners to jointly render professional health**  
2 **care services.**

3 “(2) In a professional corporation [*that is organized for the purpose of al-*  
4 *lowing physicians, physician associates and nurse practitioners to jointly ren-*  
5 *der professional health care services*], licensees must:

6 “(a) Hold a majority of each class of shares of the professional corpo-  
7 ration that is entitled to vote; and

8 “(b) Be a majority of the directors of the professional corporation.

9 “(3) An individual whom the professional corporation employs, or an in-  
10 dividual who owns an interest in the professional corporation, may not direct  
11 or control the professional judgment of a licensee who is practicing within  
12 the professional corporation and within the scope of practice permitted under  
13 the licensee’s license.

14 “(4) A licensee whom the professional corporation employs, or a licensee  
15 who owns an interest in the professional corporation, may not direct or  
16 control the services of another licensee who is practicing within the profes-  
17 sional corporation unless the other licensee is also practicing within the  
18 scope of practice permitted under the licensee’s license.

19 “(5)(a) **Except as provided in paragraph (b) of this subsection, a**  
20 **professional corporation may not provide in the professional**  
21 **corporation’s articles of incorporation or bylaws, or by means of a**  
22 **contract or other agreement or arrangement, for removing a director**  
23 **described in subsection (2)(b) of this section from the professional**  
24 **corporation’s board of directors, except by a majority vote of the**  
25 **shareholders described in subsection (2)(a) of this section or, as ap-**  
26 **propriate, a majority vote of the directors described in subsection**  
27 **(2)(b) of this section.**

28 “(b) **A professional corporation may remove a director by means**  
29 **other than a majority vote of the shareholders described in subsection**  
30 **(2)(a) of this section or a majority vote of the directors described in**

1 subsection (2)(b) of this section if the director that is subject to re-  
2 moval:

3 “(A) Violated a duty of care, a duty of loyalty or another fiduciary  
4 duty to the professional corporation;

5 “(B) Was the subject of a disciplinary proceeding by the regulatory  
6 board that governs the director’s practice as a licensee in which the  
7 board suspended or revoked the director’s license;

8 “(C) Engaged in fraud, misfeasance or malfeasance with respect to  
9 the director’s performance of duties for or on behalf of the profes-  
10 sional corporation;

11 “(D) Resigned, separated or was terminated from employment with  
12 the professional corporation; or

13 “(E) Failed to meet standards or criteria the professional corpo-  
14 ration established for a position as a director.

15 “(6) A professional corporation may relinquish or transfer control  
16 over the professional corporation’s administrative, business or clinical  
17 operations only if the professional corporation executes a shareholder  
18 agreement exclusively between or among and for the benefit of a ma-  
19 jority of shareholders described in subsection (2)(a) of this section and  
20 the shareholder agreement complies with the provisions of ORS 60.265.

21 “[5] (7) A professional corporation that is subject to ORS 58.375 may  
22 elect to become subject to this section by amending the professional  
23 corporation’s articles of incorporation or bylaws.

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

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

27 **“(a) ‘Naturopathic medicine’ has the meaning given that term in  
28 ORS 685.010.**

29 **“(b) ‘Naturopathic physician’ has the meaning given that term in  
30 ORS 685.010.**

1       “(c) ‘Professional corporation’ means a professional corporation  
2 organized for the purpose of practicing naturopathic medicine or a  
3 foreign professional corporation with authority to transact business in  
4 this state that is organized for the purpose of practicing naturopathic  
5 medicine.

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

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

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

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

13       “(3) An individual whom the professional corporation employs, or  
14 an individual who owns an interest in the professional corporation,  
15 may not direct or control the professional judgment of a naturopathic  
16 physician who is practicing within the professional corporation and  
17 within the scope of practice permitted under the naturopathic  
18 physician’s license.

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

29       “(b) A professional corporation may remove a director or officer by  
30 means other than a majority vote of the shareholders described in

1 subsection (2)(a)(A) of this section or a majority vote of the directors  
2 described in subsection (2)(a)(B) of this section if the director or offi-  
3 cer that is subject to removal:

4 “(A) Violated a duty of care, a duty of loyalty or another fiduciary  
5 duty to the professional corporation;

6 “(B) Was the subject of a disciplinary proceeding by the Oregon  
7 Board of Naturopathic Medicine in which the board suspended or re-  
8 voked the director’s or officer’s license; or

9 “(C) Engaged in fraud, misfeasance or malfeasance with respect to  
10 the director’s or officer’s performance of duties for or on behalf of the  
11 professional corporation.

12 “(5) A professional corporation may relinquish or transfer control  
13 over the professional corporation’s administrative, business or clinical  
14 operations only if the professional corporation executes a shareholder  
15 agreement exclusively between or among and for the benefit of a ma-  
16 jority of shareholders who are naturopathic physicians licensed in this  
17 state to practice naturopathic medicine and the shareholder agree-  
18 ment complies with the provisions of ORS 60.265.

19 “SECTION 6. Sections 7 and 8 of this 2025 Act are added to and  
20 made a part of ORS 653.010 to 653.565.

21 “SECTION 7. (1) As used in this section and section 8 of this 2025  
22 Act:

23 “(a) ‘Adverse action’ means discipline, discrimination, dismissal,  
24 demotion, transfer, reassignment, supervisory reprimand, warning of  
25 possible dismissal or withholding of work, even if the action does not  
26 affect or will not affect a medical licensee’s compensation.

27 “(b) ‘Management services organization’ has the meaning given  
28 that term in section 1 of this 2025 Act.

29 “(c) ‘Medical licensee’ has the meaning given that term in section  
30 1 of this 2025 Act.



1       “(d) ‘Noncompetition agreement’ means a written agreement be-  
2       tween a medical licensee and another person under which the medical  
3       licensee agrees that the medical licensee, either alone or as an em-  
4       ployee, associate or affiliate of a third person, will not compete with  
5       the other person in providing products, processes or services that are  
6       similar to the other person’s products, processes or services for a pe-  
7       riod of time or within a specified geographic area after termination  
8       of employment or termination of a contract under which the medical  
9       licensee supplied goods to or performed services for the other person.

10       “(e) ‘Nondisclosure agreement’ means a written agreement under  
11       the terms of which a medical licensee must refrain from disclosing  
12       partially, fully, directly or indirectly to any person, other than another  
13       party to the written agreement or to a third-party beneficiary of the  
14       agreement:

15       “(A) A policy or practice that a party to the agreement required the  
16       licensee to use, in patient care, other than individually identifiable  
17       health information that the medical licensee may not disclose under  
18       the Health Insurance Portability and Accountability Act of 1996, P.L.  
19       104-191, as in effect on the effective date of this 2025 Act;

20       “(B) A policy, practice or other information about or associated  
21       with the medical licensee’s employment, conditions of employment or  
22       rate or amount of pay or other compensation; or

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

30       “(f) ‘Nondisparagement agreement’ means a written agreement

1 under which a medical licensee must refrain from making to a third  
2 party a statement about another party to the agreement or about an-  
3 other person specified in the agreement as a third-party beneficiary  
4 of the agreement, the effect of which causes or threatens to cause  
5 harm to the other party's or person's reputation, business relations  
6 or other economic interests.

7 “(g) ‘Professional medical entity’ has the meaning given that term  
8 in section 1 of this 2025 Act.

9 “(h) ‘Protectable interest’ means costs to an entity that are equiv-  
10 alent to 20 percent or more of the annual salary of an employee with  
11 whom the entity has entered into a noncompetition agreement if the  
12 entity incurs the costs for:

13 (A) Marketing to and recruiting the employee;

14 (B) Providing the employee with a sign-on or relocation bonus;

15 (C) Educating or training the employee in the entity's procedures;

16 (D) Providing support staff, technology acquisitions or upgrades and  
17 license fees related to the employee's employment; or

18 (E) Similar or related items.

19 “(2)(a) Notwithstanding ORS 653.295 (1) and (2), and except as pro-  
20 vided in paragraph (b) of this subsection, a noncompetition agreement  
21 that restricts the practice of medicine or the practice of nursing is  
22 void and unenforceable between a medical licensee and:

23 “(A) A person, as defined in ORS 442.015;

24 “(B) A management services organization; or

25 “(C) A hospital, as defined in ORS 442.015, or a hospital-affiliated  
26 clinic, as defined in ORS 442.612.

27 “(b) A noncompetition agreement between a medical licensee and  
28 another person that restricts the practice of medicine or the practice  
29 of nursing is valid and enforceable to the extent and under the terms  
30 provided in ORS 653.295 if:

1       “(A) The medical licensee is a shareholder or member of the other  
2 person or otherwise owns or controls an ownership or membership  
3 interest and:

4       “(i) The medical licensee’s ownership or membership interest in the  
5 other person is equivalent to 10 percent or more of the entire owner-  
6 ship or membership interest that exists in the other person; or

7       “(ii) The medical licensee’s ownership or membership interest in the  
8 other person is equivalent to less than 10 percent of the entire own-  
9 ership or membership interest that exists in the other person and the  
10 medical licensee has not sold or transferred the ownership or mem-  
11 bership interest;

12       “(B) The noncompetition agreement is:

13       “(i) With a professional medical entity that provides the medical  
14 licensee with documentation of the professional medical entity’s  
15 protectable interest; and

16       “(ii) Valid only within three years after the date on which the  
17 medical licensee was hired;

18       “(C) The medical licensee is a shareholder or member of a profes-  
19 sional medical entity and has a noncompetition agreement with the  
20 professional medical entity, but the professional medical entity:

21       “(i) Does not have a contract for management services with a  
22 management services organization; or

23       “(ii) Has a contract for management services with a management  
24 services organization that qualifies for an exemption under section 1  
25 (3)(c) of this 2025 Act; or

26       “(D) The medical licensee does not engage directly in providing  
27 medical services, health care services or clinical care.

28       “(3)(a) Except as provided in paragraph (b) of this subsection, a  
29 nondisclosure agreement or nondisparagement agreement between a  
30 medical licensee and a management services organization, or between

1 a medical licensee and a hospital, as defined in ORS 442.015, or  
2 hospital-affiliated clinic, as defined in ORS 442.612, if either the hos-  
3 pital or the hospital-affiliated clinic employs a medical licensee, is void  
4 and unenforceable.

5 “(b) A nondisclosure agreement or nondisparagement agreement  
6 described in paragraph (a) of this subsection is valid and enforceable  
7 against a medical licensee if:

8 “(A) A management services organization, hospital or hospital-  
9 affiliated clinic terminated the medical licensee’s employment or the  
10 medical licensee voluntarily left employment with the management  
11 services organization, hospital or hospital-affiliated clinic, except that  
12 the management services organization, hospital or hospital-affiliated  
13 clinic may not enforce a nondisclosure agreement or  
14 nondisparagement agreement against a medical licensee for the med-  
15 ical licensee’s good faith report of information that the medical  
16 licensee believes is evidence of a violation of a state or federal law,  
17 rule or regulation to:

18 “(i) A hospital or hospital-affiliated clinic; or

19 “(ii) A state or federal authority; or

20 “(B) The nondisclosure agreement or nondisparagement agreement  
21 is part of a negotiated settlement between the medical licensee and a  
22 management services organization, hospital or hospital-affiliated  
23 clinic.

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

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

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

3       “SECTION 8. A management services organization or a professional  
4       medical entity may not take an adverse action against a medical  
5       licensee as retaliation for, or as a consequence of, the medical  
6       licensee’s violation of a nondisclosure agreement or nondisparagement  
7       agreement or because the medical licensee in good faith disclosed or  
8       reported information that the medical licensee believes is evidence of  
9       a violation of a federal or state law, rule or regulation to:

10      “(1) The management services organization;

11      “(2) A hospital, as defined in ORS 442.015, or hospital-affiliated  
12      clinic, as defined in ORS 442.612; or

13      “(3) A state or federal authority.

14      “SECTION 9. (1) Sections 5, 7 and 8 of this 2025 Act and the  
15      amendments to ORS 58.375 and 58.376 by sections 2 and 3 of this 2025  
16      Act apply to contracts that a person enters into or renews on and after  
17      the effective date of this 2025 Act.

18      “(2) Section 1 of this 2025 Act first applies on January 1, 2026, to  
19      management services organizations and professional medical entities  
20      that are incorporated or organized in this state on or after the effec-  
21      tive date of this 2025 Act and to sales or transfers of ownership or  
22      membership interests in such management services organizations or  
23      professional medical entities that occur on or after the effective date  
24      of this 2025 Act.

25      “(3) Section 1 of this 2025 Act first applies on January 1, 2029, to  
26      management services organizations and professional medical entities  
27      that existed before the effective date of this 2025 Act and to sales or  
28      transfers of ownership or membership interests in such management  
29      services organizations or professional medical entities that occur on  
30      or after January 1, 2029.

1       **“SECTION 10. This 2025 Act being necessary for the immediate**  
2       **preservation of the public peace, health and safety, an emergency is**  
3       **declared to exist, and this 2025 Act takes effect on its passage.”.**

---