

Requested by Representative DIEHL

**PROPOSED MINORITY REPORT AMENDMENTS TO
A-ENGROSSED SENATE BILL 951**

On page 2 of the printed A-engrossed bill, delete lines 11 through 45 and delete pages 3 through 13 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) Human resources;

“(B) Employment screening;

“(C) Employee relations; or

“(D) 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) Determining how physicians, physician associates and nurse practitioners jointly render clinical care; or

“(iii) Practicing naturopathic medicine.

“(c) ‘Management services organization’ means an entity that under 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

1 **state:**

2 **“(A) To practice medicine under ORS 677.110;**

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

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

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

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

7 **“(A) The purpose of practicing medicine, as described in ORS**
8 **677.085;**

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

12 **“(C) The purpose of practicing naturopathic medicine.**

13 **“(f) ‘Officer’ means a person that holds an office that a manage-**
14 **ment services organization or a professional medical entity describes**
15 **in the management service organization’s or professional medical**
16 **entity’s bylaws, or a person that the management service**
17 **organization’s or professional medical entity’s board of directors ap-**
18 **points as an officer.**

19 **(g) ‘Professional medical entity’ means:**

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

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

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

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

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

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

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

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

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

18 “(C) Control or enter into an agreement to control or restrict the
19 sale or transfer of a professional medical entity’s shares, interest or
20 assets, or otherwise permit a person other than a medical licensee to
21 control or restrict the sale or transfer of the professional medical
22 entity’s shares, interest or assets, except as provided in paragraph (b)
23 of this subsection;

24 “(D) Pay dividends from shares or an ownership interest in a pro-
25 fessional medical entity;

26 “(E) Acquire or finance the acquisition of the majority of the shares
27 of a professional medical entity; or

28 “(F) Exercise de facto control over clinical operations of a profes-
29 sional medical entity in a manner that affects the professional medical
30 entity’s clinical decision making or the nature or quality of medical

1 care that the professional medical entity delivers, which de facto con-
2 trol includes, but is not limited to, exercising ultimate decision-
3 making authority over:

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

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

9 “(iii) Making diagnostic coding decisions;

10 “(iv) Setting clinical standards or policies;

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

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

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

17 “(viii) Executing, performing, enforcing or terminating contracts
18 with third-party payors.

19 “(b) Conditions under which a professional medical entity may en-
20 ter into an agreement with a shareholder of the professional medical
21 entity and a management services organization to control or restrict
22 a transfer or sale of the professional medical entity’s stock, interest
23 or assets include:

24 “(A) The suspension or revocation of a shareholder’s or member’s
25 professional license in this or another state, or an investigation that
26 could result in the suspension or revocation of the shareholder’s or
27 member’s professional license, if the shareholder or member is a
28 medical licensee;

29 “(B) A shareholder’s or member’s disqualification from holding
30 stock or an interest in the professional medical entity or the occur-

1 rence of an event that could result in a shareholder's or member's
2 disqualification from holding stock or an interest in the professional
3 medical entity;

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

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

10 “(E) The professional medical entity's breach, attempted breach or
11 termination of a contract for management services with a manage-
12 ment services organization or the shareholder's breach, attempted
13 breach or termination of a contract for management services with the
14 professional medical entity or with the management services organ-
15 ization on behalf of the professional medical entity; or

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

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

20 “(A) A management services organization or a shareholder, direc-
21 tor, member, manager, officer or employee of a management services
22 organization from:

23 “(i) Providing services to assist in carrying out the activities de-
24 scribed in paragraph (a) of this subsection if the services the man-
25 agement services organization provides do not constitute an exercise
26 of de facto control over the clinical operations of a professional med-
27 ical entity in a manner that affects the professional medical entity's
28 clinical decision making or the nature or quality of medical care that
29 the professional medical entity delivers;

30 “(ii) Purchasing, leasing or taking an assignment of a right to pos-

1 **sess the assets of a professional medical entity in an arms-length**
2 **transaction with a willing seller, lessor or assignor;**

3 **“(iii) Providing support, advice, consultation and direction for all**
4 **matters related to a professional medical entity’s business operations,**
5 **such as accounting, budgeting, personnel management, real estate and**
6 **facilities management and compliance with applicable laws, rules and**
7 **regulations;**

8 **“(iv) Making decisions related to the business operations identified**
9 **in sub-subparagraph (iii) of this subparagraph for which a professional**
10 **medical entity has delegated authority to the management services**
11 **organization, shareholder, director, member, manager, officer or em-**
12 **ployee; or**

13 **“(v) Advising and providing direction concerning a professional**
14 **medical entity’s participation in value-based contracts, payor ar-**
15 **rangements or contracts with suppliers and vendors;**

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

19 **“(C) Negotiating rates or criteria for reimbursement under a con-**
20 **tract between a professional medical entity and an insurer.**

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

22 **“(a) An individual who provides medical services or health care**
23 **services for or on behalf of a professional medical entity if the indi-**
24 **vidual:**

25 **“(A) Does not own or control a majority of the total shares of or**
26 **interest in the professional medical entity and the management ser-**
27 **vices organization; and**

28 **“(B) Is compensated at the market rate for the medical services or**
29 **health care services and the individual’s employment and services that**
30 **the individual provides to the management services organization are**

1 entirely consistent with the individual's professional obligations, eth-
2 ics and duties to the professional medical entity and the individual's
3 patients;

4 “(b) An individual who owns shares or an interest in a professional
5 medical entity and a management services organization with which
6 the professional medical entity has a contract for management ser-
7 vices if the individual's ownership of shares or an interest in the
8 management services organization is incidental and without relation
9 to the individual's compensation as a shareholder, director, member,
10 manager, officer or employee of, or contractor with, the management
11 services organization;

12 “(c) A professional medical entity and the shareholders, directors,
13 members, managers, officers or employees of the professional medical
14 entity if the professional medical entity functions as a management
15 services organization or owns a majority of the shares of or interest
16 in the management services organization;

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

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

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

1 “(C) The management services organization and all of the profes-
2 sional medical entities that have voting rights in the management
3 services organization were incorporated or organized, and entered into
4 agreements for the provision of management services, before January
5 1, 2026; or

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

9 “(A) A PACE organization or engaged in providing professional
10 health care services to a PACE organization, as defined in 42 C.F.R.
11 460.6, as in effect on the effective date of this 2025 Act, and authorized
12 in this state as a PACE organization;

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

14 “(C) An urban Indian health program in this state that is funded
15 under 25 U.S.C. 1601 et seq., as in effect on the effective date of this
16 2025 Act;

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

20 “(E) An entity that:

21 “(i) Provides behavioral health care, other than a hospital, that the
22 Oregon Health Authority has certified to provide behavioral health
23 care;

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

27 “(iii) Is a licensed opioid treatment program, a licensed medical
28 provider that primarily provides office-based or medication-assisted
29 treatment services, a provider of withdrawal management services or
30 a sobering center;

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

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

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

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

9 “(a) An entity that is engaged in the practice of telemedicine, as
10 defined in ORS 677.494, and does not have a physical location where
11 patients receive clinical services in this state other than a physical
12 location that would be necessary to comply with 21 U.S.C. 829(e), as
13 in effect on the effective date of this 2025 Act.

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

19 “(c)(A) A transaction between a professional medical entity and an
20 entity that engages as provided in ORS chapter 732 or 750 in the busi-
21 ness of insurance under a license from another entity that has a
22 principal place of business in this state and was organized under the
23 laws of this state on or before January 1, 2025, if:

24 “(i) The transaction is within an insurance holding company system
25 and meets the standards described in ORS 732.574 (1); and

26 “(ii) The entity complies with the requirements set forth in ORS
27 732.574 (2).

28 “(B) In determining whether to approve a transaction described in
29 subparagraph (A) of this paragraph, the Director of the Department
30 of Consumer and Business Services, in addition to considering the

1 criteria for approval specified in ORS 732.574, shall consider:

2 “(i) The benefits from the transaction to residents of this state; and

3 “(ii) Whether the transaction affects, or could affect, the profes-
4 sional medical entity’s clinical decision-making or the nature or
5 quality of medical care that the professional medical entity delivers.

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

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

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

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

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

24 “(c) A medical licensee or professional medical entity may not bring
25 an action under paragraph (b) of this subsection if:

26 “(A) The medical licensee or professional medical entity entered
27 into the transaction or agreement with respect to which the medical
28 licensee or professional medical entity intends to bring the action with
29 an understanding that the transaction or agreement complied with the
30 requirements of subsection (2)(a) of this section; or

1 “(B) An attorney represented the medical licensee or professional
2 medical entity for the purposes of the transaction or in connection
3 with the agreement.

4 “**SECTION 2.** ORS 58.375 is amended to read:

5 “58.375. (1) As used in this section, ‘professional corporation’ means
6 a professional corporation organized for the purpose of practicing
7 medicine.

8 “[(1)] (2) In a professional corporation [*organized for the purpose of prac-*
9 *ticing medicine*]:

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

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

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

17 “(d) 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 hold more than a majority of each class of shares that is entitled
20 to vote.

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

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

29 “(4)(a) **Except as provided in paragraph (b) of this subsection, a**
30 **professional corporation may not provide in the professional**

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

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

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

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

19 “(C) Engaged in fraud, misfeasance or malfeasance with respect to
20 the director's or officer's performance of duties for or on behalf of the
21 professional corporation;

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

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

26 “(5) A professional corporation may relinquish or transfer control
27 over the professional corporation's administrative, business or clinical
28 operations only if the professional corporation executes a shareholder
29 agreement exclusively between or among and for the benefit of a ma-
30 jority of shareholders who are physicians licensed in this state to

1 **practice medicine and the shareholder agreement complies with the**
2 **provisions of ORS 60.265.**

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

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

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

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

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

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

28 “58.376. (1) As used in this section[,]:

29 **“(a)** ‘Licensee’ means an individual who has a license as a physician or
30 a license as a physician associate from the Oregon Medical Board or who

1 has a license as a nurse practitioner from the Oregon State Board of Nurs-
2 ing.

3 **“(b) ‘Professional corporation’ means a professional corporation**
4 **that is organized for the purpose of enabling physicians, physician as-**
5 **sociates and nurse practitioners to jointly render professional health**
6 **care services.**

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

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

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

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

18 *“(4) A licensee whom the professional corporation employs, or a licensee*
19 *who owns an interest in the professional corporation, may not direct or*
20 *control the services of another licensee who is practicing within the profes-*
21 *sional 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**
24 **professional corporation may not provide in the professional**
25 **corporation’s articles of incorporation or bylaws, or by means of a**
26 **contract or other agreement or arrangement, for removing a director**
27 **described in subsection (2)(b) of this section from the professional**
28 **corporation’s board of directors, except by a majority vote of the**
29 **shareholders described in subsection (2)(a) of this section or, as ap-**
30 **propriate, a majority vote of the directors described in subsection**

1 (2)(b) of this section.

2 “(b) A professional corporation may remove a director by means
3 other than a majority vote of the shareholders described in subsection
4 (2)(a) of this section or a majority vote of the directors described in
5 subsection (2)(b) of this section if the director that is subject to re-
6 moval:

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

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

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

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

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

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

25 “[5] (7) A professional corporation that is subject to ORS 58.375 may
26 elect to become subject to this section by amending the professional
27 corporation’s articles of incorporation or bylaws.

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

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

1 “(a) ‘Naturopathic medicine’ has the meaning given that term in
2 ORS 685.010.

3 “(b) ‘Naturopathic physician’ has the meaning given that term in
4 ORS 685.010.

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

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

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

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

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

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

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

1 (2)(a)(A) of this section or, as appropriate, a majority vote of the di-
2 rectors described in subsection (2)(a)(B) of this section.

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

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

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

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

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

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

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

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

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

3 “(c) ‘Medical licensee’ has the meaning given that term in section
4 1 of this 2025 Act.

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

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

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

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

27 “(C) Any other information the medical licensee possesses or to
28 which the medical licensee has access by reason of the medical
29 licensee’s employment by, or provision of services for or on behalf of,
30 a party to the agreement, other than information that is subject to

1 protection under applicable law as a trade secret of, or as otherwise
2 proprietary to, another party to the agreement or to a third-party
3 beneficiary of the agreement.

4 “(f) ‘Nondisparagement agreement’ means a written agreement
5 under which a medical licensee must refrain from making to a third
6 party a statement about another party to the agreement or about an-
7 other person specified in the agreement as a third-party beneficiary
8 of the agreement, the effect of which causes or threatens to cause
9 harm to the other party’s or person’s reputation, business relations
10 or other economic interests.

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

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

17 “(A) Marketing to and recruiting the employee;

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

19 “(C) Educating or training the employee in the entity’s procedures;

20 “(D) Providing support staff, technology acquisitions or upgrades
21 and license fees related to the employee’s employment; or

22 “(E) Similar or related items.

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

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

28 “(B) A management services organization; or

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

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

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

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

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

16 “(B) The medical licensee and the other person entered into the
17 noncompetition agreement in connection with a transaction in which
18 the medical licensee receives the equivalent of at least \$250,000:

19 “(i) From a sale of all or substantially all of the equity or assets
20 of the professional medical entity that the medical licensee holds; or

21 “(ii) Under a contract for management services;

22 “(C) The noncompetition agreement is:

23 “(i) With a professional medical entity that provides the medical
24 licensee with documentation of the professional medical entity’s
25 protectable interest; and

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

28 “(D) The medical licensee is a shareholder or member of a profes-
29 sional medical entity and has a noncompetition agreement with the
30 professional medical entity, but the professional medical entity:

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

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

6 “(E) The medical licensee does not engage directly in providing
7 medical services, health care services or clinical care.

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

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

18 “(A) A management services organization, hospital or hospital-
19 affiliated clinic terminated the medical licensee’s employment or the
20 medical licensee voluntarily left employment with the management
21 services organization, hospital or hospital-affiliated clinic, except that
22 the management services organization, hospital or hospital-affiliated
23 clinic may not enforce a nondisclosure agreement or
24 nondisparagement agreement against a medical licensee for the med-
25 ical licensee’s good faith report of information that the medical
26 licensee believes is evidence of a violation of a state or federal law,
27 rule or regulation to:

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

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

30 “(iii) A management services organization; or

1 “(B) The nondisclosure agreement or nondisparagement agreement
2 is part of a negotiated settlement between the medical licensee and a
3 management services organization, hospital or hospital-affiliated
4 clinic.

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

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

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

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

21 “(1) The management services organization;

22 “(2) A professional medical entity; or

23 “(3) A state or federal authority.

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

28 “(2) Section 1 of this 2025 Act first applies on January 1, 2026, to
29 management services organizations and professional medical entities
30 that are incorporated or organized in this state on or after the effec-

1 tive date of this 2025 Act and to sales or transfers of ownership or
2 membership interests in such management services organizations or
3 professional medical entities that occur on or after the effective date
4 of this 2025 Act.

5 “(3) Section 1 of this 2025 Act first applies on January 1, 2029, to:

6 “(a) Management services organizations and professional medical
7 entities that:

8 “(A) Existed before the effective date of this 2025 Act; or

9 “(B) Existed before the effective date of this 2025 Act and, after the
10 effective date of this 2025 Act, engaged in a reorganization or combi-
11 nation under common ownership and remained bound by a contract
12 for management services with a common management services or-
13 ganization; and

14 “(b) Sales or transfers of ownership or membership interests in a
15 management services organization or professional medical entity that
16 occur on or after January 1, 2029.

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