

March 3, 2025

The Honorable Deb Patterson
Chair, Senate Committee on Health Care
900 Court St NE, S-411
Salem, OR 97301

The Honorable Cedric Hayden
Vice Chair, Senate Committee on Health Care
900 Court St NE, S-315
Salem, OR 97301

RE: Testimony in support of Senate Bill 951

Dear Chair Patterson, Vice Chair Hayden, and Members of the Committee:

The American Economic Liberties Project is a research and advocacy organization working to reduce the power that dominant corporations wield over our economy and democracy. We write in support of Senate Bill 951, which will close loopholes in Oregon’s law prohibiting the corporate practice of medicine and begin to reverse the harmful corporatization of health care.

The U.S. healthcare system is rapidly coming under the control of a combination of private equity investors and giant national health insurance conglomerates such as UnitedHealth Group and CVS Health. More than three-quarters of doctors are now salaried employees, with most practices owned by a hospital, health insurance conglomerate, private equity firm, or other corporate entity.¹ This represents a reversal from the early 1980s, when the same share of physicians were practice owners.²

Corporate ownership, whether by private equity firms or other entities, leads to a range of harms, including higher prices for patients and health plan sponsors, such as employers and unions; worse patient outcomes; increased patient mortality; and general demoralization among healthcare workers.³

¹ “PAI-Avalere Report on Physician Employment Trends and Acquisitions of Medical Practices: 2019-2023,” Physicians Advocacy Institute, updated April 2024, <https://www.physiciansadvocacyinstitute.org/PAI-Research/PAI-Avalere-Study-on-Physician-Employment-Practice-Ownership-Trends-2019-2023>.

² Carol K. Kane, “Recent Changes in Physician Practice Arrangements: Shifts Away from Private Practice and Towards Larger Practice Size Continue Through 2022,” American Medical Association, 2023, <https://www.ama-assn.org/system/files/2022-prp-practice-arrangement.pdf>.

³ Alexander Borsa, et al., “Evaluating trends in private equity ownership and impacts on health outcomes, costs, and quality: systematic review,” *The BMJ*, 2023; 382, <https://doi.org/10.1136/bmj-2023-075244>; Sneha Kannan, et al., “Changes in Hospital Adverse Events and Patient Outcomes Associated With Private Equity Acquisition,” *JAMA*, Dec. 26, 2023, <https://jamanetwork.com/journals/jama/fullarticle/2813379>; “How Patients Fare When Private Equity Funds Acquire Nursing Homes,” National Bureau of Economic Research, April 2021, <https://www.nber.org/digest/202104/how-patients-fare-when-private-equity-funds-acquire-nursing-homes>; Noam Scheiber, “Why Doctors and Pharmacists Are in Revolt,” *The New York Times*, Dec. 5, 2023, <https://www.nytimes.com/2023/12/03/business/economy/doctors-pharmacists-labor-unions.html>.

For more than a century, most states in the U.S., including Oregon, have had laws regarding the corporate practice of medicine (CPOM) to prevent these harms. Such laws prohibit medical practices from being owned by anyone other than a licensed physician or medical professional, on the understanding that there is an intrinsic conflict of interest between physicians' professional obligations to care for their patients and the profit-oriented obligations of corporations to maximize shareholder returns.⁴

However, in practice, corporate entities and their legal counsel have developed a range of methods to skirt these laws.⁵ For example, corporate investors use layers of shell companies, such as "management services organizations," to maintain that a medical practice is owned by a licensed medical professional on paper while in reality the corporate investor holds the power to decide how much money and time are spent on care, what staffing levels should be, and how much each medical service or procedure should cost. This legal maneuvering, treating CPOM laws and patient care as a game to be played in the pursuit of profit, undermines the spirit of this legislation.⁶

SB 951 would systematically close off these loopholes to block corporate entities from owning or indirectly controlling the medical decisions of doctors and other clinicians. Specifically, the bill prohibits management services organizations from owning or controlling a medical practice, including by setting work schedules, employment terms, staffing levels, diagnostic coding decisions, clinical standards, or billing practices, all of which should be determined by licensed physicians.

In addition, SB 951 prohibits corporate entities from enforcing noncompete, nondisclosure, and nondisparagement agreements with medical professionals and from retaliating against violators. Such agreements are increasingly common means of trapping medical professionals in jobs at corporate-owned medical practices by rendering them unable to speak up about harmful or unsafe patient conditions, switch to a different employer, or leave to begin their own practice that is more responsive to patient needs and professional ethics.⁷

With the harms of corporate ownership only accelerating as private equity firms and insurance conglomerates continue to acquire medical practices, it is more important than ever that leaders like you stand up to implement policies such as SB 951. We hope that the Oregon State Legislature will pass SB 951 into law and that other states will follow suit to revive this

⁴ "Issue brief: Corporate practice of medicine," American Medical Association Advocacy Resource Center, 2015, <https://www.ama-assn.org/media/7661/download>.

⁵ Jane M. Zhu, et al., "A Doctrine in Name Only — Strengthening Prohibitions against the Corporate Practice of Medicine," *New England Journal of Medicine*, Sept. 14, 2023, <https://sitekvrhx5vp.wsecdn1.websitecdn.com/uploads/f7d99a37c1d7401eb2c0df687ae40aff.pdf?v=232409084840>.

⁶ For an example of corporate guidance for circumventing these laws, see Matt Wilmot, Wes Scott, and Ethan Rosenfield, "Corporate Practice of Medicine Doctrine: Increased Enforcement on the Horizon?" Nelson Mullins, Jan. 17, 2023, https://www.nelsonmullins.com/idea_exchange/blogs/healthcare_essentials/enforcement/corporate-practice-of-medicinedoctrine-increased-enforcement-on-the-horizon.

⁷ Tara Oakman and Emily McGrath, "Noncompete Agreements for the Health Care Workforce Put Profits over Patients," The Century Foundation, Aug. 14, 2023, <https://tcf.org/content/commentary/noncompete-agreements-for-the-health-care-workforce-put-profits-over-patients/>.

country's traditional prohibitions on the corporate control of medical practices, reclaiming the healthcare system on behalf of patients and clinicians.

Sincerely,

Emma Freer
Senior Policy Analyst – Health Care
American Economic Liberties Project