

REVENUE: No revenue impact

FISCAL: No fiscal impact

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<b>Action:</b>	Do Pass
<b>Vote:</b>	5 - 0 - 0
<b>Yeas:</b>	George G., Kruse, Monnes Anderson, Verger, Morrisette
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Ilana Weinbaum, Administrator
<b>Meeting Dates:</b>	5/30

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**WHAT THE MEASURE DOES:** Exempts federally qualified health centers (FQHC) and nonprofit health centers that serve medically-underserved individuals and rural areas from requirements for corporations organized to provide health care services.

**ISSUES DISCUSSED:**

- History of corporate practice of medicine doctrine
- Federally qualified health centers currently employ physicians directly
- Other states that have made exceptions to corporate practice of medicine doctrines for nonprofit corporations
- Number of Oregonians served by federally qualified health centers

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** Oregon case law (State ex rel. Sisemore v. Standard Optical Co., 1947) established the state's corporate practice of medicine doctrine, which prohibits a corporate entity from employing medical professionals, unless a majority of the shareholders are licensed to practice medicine in Oregon. This doctrine prohibits corporations from directly employing licensed health professionals. Federally qualified health centers (FQHC) are eligible to receive grants under the United States Public Health Service Act [42 U.S.C. 254b(c)(1)(a)], which provides grants to public and nonprofit private entities that provide health services to underserved populations. These grants strongly encourage the direct employment of health care providers.

In 2003, the Legislative Assembly passed legislation that allowed nonprofit health centers organized to provide dental services to underserved populations and FQHCs providing dental services to directly employ dentists (SB 390). HB 3100 A would create a similar exception for nonprofit health centers.