

STAFF MEASURE SUMMARY

Senate Committee On Health Care

**Fiscal:** No Fiscal Impact  
**Revenue:** No Revenue Impact

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**Action Date:** 04/20/15

**Action:** Do Pass.

**Meeting Dates:** 04/08, 04/20

**Vote:**

Yeas: 5 - Knopp, Kruse, Monnes Anderson, Shields, Steiner Hayward

**Prepared By:** Zena Rockowitz, Committee Administrator

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**WHAT THE MEASURE DOES:**

Exempts businesses that provide only palliative care or operate rural health clinics, from requirement that licensed physicians hold majority of voting stock or be majority of directors in a professional corporation organized for the purpose of practicing medicine. Specifies that articles of incorporation, organization or bylaws may not direct or control a licensed physician's medical judgement.

**ISSUES DISCUSSED:**

- Corporate practice of medicine as safeguard against business interests from owning and controlling operation of physician practices
- Federal health center or federally qualified health center exemptions
- Promoting access in rural and underserved communities
- Inclusion of nurses as majority owners
- Time taken away from physicians to run business

**EFFECT OF COMMITTEE AMENDMENT:**

No amendment.

**BACKGROUND:**

Currently, an Oregon company which is organized for the purpose of practicing medicine must be majority owned by physicians and directed by physicians. There are 25 states with similar laws. The intention of the law is to prevent a business corporation or lay person from controlling the medical decisions of physicians and their professional staff, which is known as the "corporate practice of medicine." Senate Bill 880 creates exceptions to the law to account for areas of practice in which physicians may not have the time to spend on business matters and attention to patients is more critical. Specifically, in rural areas, there are fewer physicians to treat patients and access to health care services presents challenges. Therefore, when physicians spend time on business ownership duties, such as recruiting or financial planning, this takes time away from treating patients.