

**A-Engrossed**  
**Senate Bill 485**

Ordered by the Senate April 18  
Including Senate Amendments dated April 18

Sponsored by Senator PROZANSKI (at the request of Orchid Health) (Presession filed.)

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Exempts[, *under specified conditions, for-profit or nonprofit business entity*] from requirement that licensed physicians hold majority of voting stock in professional corporation organized for purpose of practicing medicine, or be majority of directors of professional corporation, **for-profit or nonprofit business entity that is incorporated or organized under laws of this state, that provides entirety of business entity's medical services through one or more rural health clinics and that operates in compliance with state and federal laws that apply to rural health clinics.**

**Provides that business entity is exempt from requirement for period of up to one year after establishing rural health clinic if applicable certification for rural health clinic is pending during one-year period.**

**A BILL FOR AN ACT**

1  
2 Relating to professional corporations that are organized for the purpose of practicing medicine;  
3 amending ORS 58.375.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 58.375 is amended to read:

6 58.375. (1) In a professional corporation organized for the purpose of practicing medicine:

7 (a) [*The holders of*] **Physicians who are licensed in this state to practice medicine must**  
8 **hold** the majority of each class of shares **that are** entitled to vote [*shall be physicians who are li-*  
9 *icensed in this state to practice medicine*].

10 (b) **Physicians who are licensed in this state to practice medicine must be** a majority of the  
11 directors [*shall be physicians who are licensed in this state to practice medicine*].

12 (c) All officers except the secretary and treasurer, if any, must be physicians who are licensed  
13 in this state to practice medicine. **The same person may hold** any two or more offices [*may be held*  
14 *by the same person*].

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

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

22 (2) A professional corporation may be a shareholder of a professional corporation organized for  
23 the purpose of practicing medicine solely for the purpose of effecting a reorganization as defined in

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.  
New sections are in **boldfaced** type.

1 the Internal Revenue Code.

2 *[(3) The provisions of subsections (1) and (2) of this section do not apply to nonprofit corporations*  
3 *organized under Oregon law to provide medical services to migrant, rural, homeless or other medically*  
4 *underserved populations under 42 U.S.C. 254b or 254c or to health centers qualified under 42 U.S.C.*  
5 *1396d(1)(2)(B) that operate in compliance with other applicable state and federal law.]*

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

7 **(A) A nonprofit corporation that is organized under Oregon law to provide medical ser-**  
8 **VICES to migrant, rural, homeless or other medically underserved populations under 42 U.S.C.**  
9 **254b or 254c, as in effect on the effective date of this 2017 Act;**

10 **(B) A health center that is qualified under 42 U.S.C. 1396d(1)(2)(B), as in effect on the**  
11 **effective date of this 2017 Act, that operates in compliance with other applicable state or**  
12 **federal law; or**

13 **(C) Except as provided in paragraph (b) of this subsection, a for-profit or nonprofit**  
14 **business entity that is incorporated or organized under the laws of this state, that provides**  
15 **the entirety of the business entity's medical services through one or more rural health**  
16 **clinics, as defined in 42 U.S.C. 1395x, as in effect on the effective date of this 2017 Act, and**  
17 **that operates in compliance with state and federal laws that apply to rural health clinics.**

18 **(b) A business entity is exempt under this subsection for a period of up to one year after**  
19 **the business entity establishes a rural health clinic, even though the rural health clinic that**  
20 **the business entity establishes does not meet all of the elements of the definition set forth**  
21 **in 42 U.S.C. 1395x, as in effect on the effective date of this 2017 Act, if during the one-year**  
22 **period an applicable certification for the rural health clinic is pending.**

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