

Enrolled
Senate Bill 485

Sponsored by Senator PROZANSKI (at the request of Orchid Health) (Pre-session filed.)

CHAPTER

AN ACT

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

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

SECTION 1. ORS 58.375 is amended to read:

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

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

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

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

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

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

(2) A professional corporation may be a shareholder of a professional corporation organized for the purpose of practicing medicine solely for the purpose of effecting a reorganization as defined in the Internal Revenue Code.

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

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

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

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

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

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

Passed by Senate April 20, 2017

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Lori L. Brocker, Secretary of Senate

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Peter Courtney, President of Senate

Passed by House June 5, 2017

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Tina Kotek, Speaker of House

Received by Governor:

.....M.,....., 2017

Approved:

.....M.,....., 2017

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Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2017

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Dennis Richardson, Secretary of State