

HB 3225 STAFF MEASURE SUMMARY

House Committee On Behavioral Health and Health Care

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Meeting Dates: 3/27, 4/3

WHAT THE MEASURE DOES:

The measure specifies additional qualifications physician shareholders must meet to comply with laws governing the corporate practice of medicine. Takes effect on 91st day following adjournment sine die.

Detailed Summary:

- Specifies that in addition to owning a majority of shares and holding a majority of director seats, physicians who are officers of a professional corporation must also:
 - Have a domicile in the state;
 - Reside in the state a minimum of 275 days out of each calendar year; and
 - Are actively involved in providing or managing patient care.

FISCAL: May have fiscal impact, but no statement yet issued.

REVENUE: May have revenue impact, but no statement yet issued.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Dating back to the 1800s, corporate practice of medicine (CPOM) laws generally prohibit unlicensed individuals and lay corporate entities from owning, employing, or controlling physicians and medical practices. These laws are based on the idea that allowing non-physicians to make decisions about health care delivery could be ethically problematic for physicians and result in lower quality care for patients. Chase-Lubitz, *The Corporate Practice of Medicine Doctrine*, 40 Vanderbilt Law Review 445 (1987) ([link](#)).

Except for hospitals and certain rural clinics, the majority interest in a corporation formed to practice medicine in Oregon must be owned by physicians. ORS 58.375. Despite longstanding limitations on the corporate practice of medicine, scholars have identified ways in which non-physicians are able to own and control health care practices. Zhu et al, *A Doctrine in Name Only*, New England Journal of Medicine (2023) ([link](#)).

House Bill 3225 adds to Oregon's corporate practice of medicine laws by specifying that physicians who are officers of a professional corporation must also have a domicile in the state, reside in state for at least 275 days per year, and be actively involved in patient care.