

SB 951-7
(LC 593)
3/11/25 (TSB/ps)

Requested by Representative BOWMAN

**PROPOSED AMENDMENTS TO
SENATE BILL 951**

1 On page 1 of the printed bill, line 2, after “ORS” delete the rest of the
2 line and line 3 and insert “58.375 and 58.376; and declaring an emergency.”.

3 On page 2, delete lines 5 through 45 and delete pages 3 through 12 and
4 insert:

5 **“SECTION 1. (1) As used in this section:**

6 **“(a) ‘Affiliate’ means a person that controls, is controlled by or is
7 under common control with another person.**

8 **“(b) ‘Management services’ means services for or on behalf of a
9 professional medical entity that include:**

10 **“(A) Payroll;**

11 **“(B) Human resources;**

12 **“(C) Employment screening;**

13 **“(D) Employee relations; or**

14 **“(E) Any other administrative or business services that support or
15 enable a professional medical entity’s medical purpose but that do not
16 constitute:**

17 **“(i) Practicing medicine, as described in ORS 677.085;**

18 **“(ii) Allowing physicians, physician associates and nurse practi-
19 tioners to jointly render professional health care services; or**

20 **“(iii) Practicing naturopathic medicine.**

21 **“(c) ‘Management services organization’ means an entity that un-**

1 der a written agreement, and in return for monetary compensation,
2 provides management services to a professional medical entity.

3 **“(d) ‘Medical licensee’ means an individual who is licensed in this**
4 **state:**

5 **“(A) To practice medicine under ORS 677.110;**
6 **“(B) As a nurse practitioner under ORS 678.375;**
7 **“(C) As a physician associate under ORS 677.512; or**
8 **“(D) To practice naturopathic medicine under ORS 685.100.**

9 **“(e) ‘Medical purpose’ means, as appropriate:**

10 **“(A) The purpose of practicing medicine, as described in ORS**
11 **677.085;**

12 **“(B) The purpose of allowing physicians, physician associates and**
13 **nurse practitioners to jointly render professional health care services;**
14 **or**

15 **“(C) The purpose of practicing naturopathic medicine.**

16 **“(f) ‘Professional medical entity’ means:**

17 **“(A) A professional corporation, as defined in ORS 58.375;**

18 **“(B) A professional corporation, as defined in ORS 58.376;**

19 **“(C) A professional corporation, as defined in section 5 of this 2025**
20 **Act;**

21 **“(D) A limited liability company or foreign limited liability company**
22 **with authority to transact business in this state that is organized for**
23 **a medical purpose;**

24 **“(E) A partnership or foreign partnership with authority to transact**
25 **business in this state, or a limited liability partnership or foreign**
26 **limited liability partnership with authority to transact business in this**
27 **state, that is organized for a medical purpose; or**

28 **“(F) A limited partnership or foreign limited partnership with au-**
29 **thority to transact business in this state that is organized for a med-**
30 **ical purpose.**

1 **“(2)(a) Except as provided in subsection (3) of this section, a man-
2 agement services organization or a shareholder, director, member,
3 manager, officer or employee of a management services organization
4 may not:**

5 **“(A) Own or control individually, or in combination with the man-
6 agement services organization or any other shareholder, director,
7 member, manager, officer or employee of the management services
8 organization, a majority of shares in a professional medical entity with
9 which the management services organization has a contract for man-
10 agement services;**

11 **“(B) Serve as a director or officer of, be an employee of, work as
12 an independent contractor with or receive compensation from the
13 management services organization to manage or direct the manage-
14 ment of a professional medical entity with which the management
15 services organization has a contract for management services;**

16 **“(C) Exercise a proxy or take or exercise on behalf of another per-
17 son a right or power to vote the shares of a professional medical entity
18 with which the management services organization has a contract for
19 management services;**

20 **“(D) Control or enter into an agreement to control or restrict the
21 sale or transfer of a professional medical entity’s shares, interest or
22 assets in anticipation of, upon the occurrence of or as required by any
23 of the conditions listed in paragraph (b) of this subsection, or other-
24 wise permit a person other than a medical licensee to control or re-
25 strict the sale or transfer of the professional medical entity’s shares,
26 interest or assets in anticipation of, upon the occurrence of or as re-
27 quired by any of the conditions listed in paragraph (b) of this sub-
28 section;**

29 **“(E) Issue shares of stock, or cause a professional medical entity
30 to issue shares of stock, in the professional medical entity, in a sub-**

1 sidiary of the professional medical entity or in an affiliate of the pro-
2 fessional medical entity;

3 “(F) Pay dividends from shares or an ownership interest in a pro-
4 fessional medical entity;

5 “(G) Acquire or finance the acquisition of the majority of the shares
6 of a professional medical entity;

7 “(H) Advertise a professional medical entity’s services under the
8 name of an entity that is not a professional medical entity; or

9 “(I) Exercise de facto control over administrative, business or clin-
10 ical operations of a professional medical entity in a manner that af-
11 fects the professional medical entity’s clinical decision making or the
12 nature or quality of medical care that the professional medical entity
13 delivers, which de facto control includes, but is not limited to, exer-
14 cising ultimate decision-making authority over:

15 “(i) Hiring or terminating, setting work schedules or compensation
16 for, or otherwise specifying terms of employment of medical licensees;

17 “(ii) Setting clinical staffing levels, or specifying the period of time
18 a medical licensee may see a patient, for any location that serves pa-
19 tients;

20 “(iii) Making diagnostic coding decisions;

21 “(iv) Setting clinical standards or policies;

22 “(v) Setting policies for patient, client or customer billing and col-
23 lection;

24 “(vi) Setting the prices, rates or amounts the professional medical
25 entity charges for a medical licensee’s services; or

26 “(vii) Negotiating, executing, performing, enforcing or terminating
27 contracts with third-party payors or persons that are not employees
28 of the professional medical entity.

29 “(b) Conditions under which a professional medical entity may re-
30 strict a sale of the professional medical entity’s stock, interest or as-

1 sets include:

2 “(A) The suspension or revocation of a shareholder’s or member’s
3 professional license in this or another state;

4 “(B) A shareholder’s or member’s disqualification from holding
5 stock or an interest in the professional medical entity;

6 “(C) A shareholder’s or member’s exclusion, debarment or suspen-
7 sion from a federal health care program or an investigation that could
8 result in the shareholder’s or member’s exclusion, debarment or sus-
9 pension;

10 “(D) A shareholder’s or member’s indictment for a felony or an-
11 other crime that involves fraud or moral turpitude; or

12 “(E) The professional medical entity’s breach of a contract for
13 management services between a shareholder and a management ser-
14 vices organization.

15 “(c) The activities described in paragraph (a) of this subsection do
16 not prohibit:

17 “(A) A management services organization from:

18 “(i) Providing services to assist in carrying out the activities de-
19 scribed in paragraph (a) of this subsection if the services the man-
20 agement services organization provides do not constitute an exercise
21 of de facto control over the administrative, business or clinical oper-
22 ations of a professional medical entity in a manner that affects the
23 professional medical entity’s clinical decision making or the nature
24 or quality of medical care that the professional medical entity delivers;

25 “(ii) Purchasing, leasing or taking an assignment of a right to pos-
26 sess the assets of a professional medical entity in an arms-length
27 transaction with a willing seller, lessor or assignor;

28 “(iii) Providing support, advice and consultation on all matters re-
29 lated to a professional medical entity’s business operations, such as
30 accounting, budgeting, personnel management, real estate and facili-

1 ties management and compliance with applicable laws, rules and reg-
2 ulations; or

3 “(iv) Advising and providing direction concerning a professional
4 medical entity’s participation in value-based contracts, payor ar-
5 rangements or contracts with suppliers and vendors;

6 “(B) Collection of quality metrics as required by law or in accord-
7 ance with an agreement to which a professional medical entity is a
8 party; or

9 “(C) Setting criteria for reimbursement under a contract between
10 a professional medical entity and an insurer.

11 “(3) Subsection (2) of this section does not apply to:

12 “(a) An individual who provides medical services or health care
13 services for or on behalf of a professional medical entity if the indi-
14 vidual:

15 “(A) Does not own or control more than 10 percent of the total
16 shares of or interest in the professional medical entity;

17 “(B) Is not a shareholder in or a director, member, manager, officer
18 or employee of a management services organization; and

19 “(C) Is compensated at the market rate for the medical services or
20 health care services and the individual’s employment and services that
21 the individual provides to the management services organization are
22 entirely consistent with the individual’s professional obligations, eth-
23 ics and duties to the professional medical entity and the individual’s
24 patients;

25 “(b) An individual who owns shares or an interest in a professional
26 medical entity and a management services organization with which
27 the professional medical entity has a contract for management ser-
28 vices if the individual’s ownership of shares or an interest in the
29 management services organization is incidental and without relation
30 to the individual’s compensation as a shareholder, director, member,

1 manager, officer or employee of, or contractor with, the management
2 services organization;

3 “(c) A professional medical entity and the shareholders, directors,
4 members, managers, officers or employees of the professional medical
5 entity if the professional medical entity functions as a management
6 services organization or owns a majority of the shares of or interest
7 in the management services organization;

8 “(d) A physician who is a shareholder, director or officer of a pro-
9 fessional medical entity and who also serves as a director or officer
10 of a management services organization with which the professional
11 medical entity has a contract for management services if:

12 “(A) The physician does not receive compensation from the man-
13 agement services organization for serving as a director or officer of
14 the management services organization;

15 “(B) An action of the management services organization that
16 materially affects the professional, ownership or governance interests
17 of minority owners in the management services organization requires
18 a vote of more than a majority of the shares of the management ser-
19 vices organization that are entitled to vote, including the shares held
20 by professional medical entities with voting rights in the management
21 services organization; and

22 “(C) The management services organization and all of the profes-
23 sional medical entities that have voting rights in the management
24 services organization were incorporated or organized, and entered into
25 agreements for the provision of management services, before January
26 1, 2026; or

27 “(e) A management services organization that has a contract for
28 management services with a professional medical entity if the profes-
29 sional medical entity is solely and exclusively:

30 “(A) A PACE organization or engaged in providing professional

1 **health care services to a PACE organization, as defined in 42 C.F.R.
2 460.6, as in effect on the effective date of this 2025 Act, and authorized
3 in this state as a PACE organization;**

4 **“(B) A mental health or substance use disorder crisis line provider;**

5 **“(C) An urban Indian health program in this state that is funded
6 under 25 U.S.C. 1601 et seq., as in effect on the effective date of this
7 2025 Act;**

8 **“(D) A recipient of a Tribal Behavioral Health or Native Con-
9 nections program grant from the federal Substance Abuse and Mental
10 Health Services Administration;**

11 **“(E) An entity that:**

12 **“(i) Provides behavioral health care, other than a hospital, that the
13 Oregon Health Authority has certified to provide behavioral health
14 care;**

15 **“(ii) Has a contract for management services with an entity de-
16 scribed in sub subparagraph (i) of this subparagraph that is a
17 nonprofit entity; or**

18 **“(iii) Is a licensed opioid treatment program, a licensed medical
19 provider that primarily provides office-based or medication-assisted
20 treatment services, a provider of withdrawal management services or
21 a sobering center;**

22 **“(F) A hospital, as defined in ORS 442.015, or a hospital-affiliated
23 clinic, as defined in ORS 442.612;**

24 **“(G) A long term care facility, as defined in ORS 442.015, or an af-
25 filiate of a long term care facility; or**

26 **“(H) A residential care facility, as defined in ORS 443.400, or an af-
27 filiate of a residential care facility.**

28 **“(4) Subsection (2)(a)(A), (B) and (C) of this section does not apply
29 to:**

30 **“(a) An entity that is engaged in the practice of telemedicine, as**

1 **defined in ORS 677.494, and does not have a physical location where**
2 **patients receive clinical services in this state other than a physical**
3 **location that would be necessary to comply with 21 U.S.C. 829(e), as**
4 **in effect on the effective date of this 2025 Act; and**

5 **“(b) A coordinated care organization, as defined in ORS 414.025, that**
6 **before January 1, 2026, owned or controlled shares or an interest in a**
7 **professional medical entity or had the power to manage or direct the**
8 **management of the professional medical entity by contract or other-**
9 **wise.**

10 **“(5)(a) In any contract or other agreement between a management**
11 **services organization and a professional medical entity or a medical**
12 **licensee, a provision that authorizes or implements, or purports to**
13 **authorize or implement, an act or practice that violates a prohibition**
14 **set forth in subsection (2)(a) of this section is void and unenforceable.**

15 **“(b) A medical licensee or professional medical entity that suffers**
16 **an ascertainable loss of money or property as a result of a violation**
17 **of a prohibition set forth in subsection (2)(a) of this section may bring**
18 **an action against a management services organization or a share-**
19 **holder, director, member, manager, officer or employee of the man-**
20 **agement services organization in a circuit court of this state to obtain:**

21 **“(A) Actual damages equivalent to the medical licensee’s or pro-**
22 **fessional medical entity’s loss;**

23 **“(B) An injunction against an act or practice that violates the pro-**
24 **hibition; and**

25 **“(C) Other equitable relief the court deems appropriate.**

26 **“(c) The trier of fact in an action under paragraph (b) of this sub-**
27 **section may award punitive damages.**

28 **“(d) A court may award attorney fees and costs to a plaintiff that**
29 **prevails in an action under paragraph (b) of this subsection.**

30 **“SECTION 2. ORS 58.375 is amended to read:**

1 “58.375. (1) **As used in this section, ‘professional corporation’ means**
2 **a professional corporation organized for the purpose of practicing**
3 **medicine.**

4 “[(1)] (2) In a professional corporation [*organized for the purpose of prac-*
5 *ticing medicine*]:

6 “(a) Physicians who are licensed in this state to practice medicine must
7 hold the majority of each class of shares that are entitled to vote.

8 “(b) Physicians who are licensed in this state to practice medicine must
9 be a majority of the directors.

10 “(c) All officers except the secretary and treasurer, if any, must be phy-
11 sicians who are licensed in this state to practice medicine. The same person
12 may hold any two or more offices.

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

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

20 “[(2)] (3) A [*professional*] corporation **that is not organized for the**
21 **purpose of practicing medicine** may be a shareholder of a professional
22 corporation [*organized for the purpose of practicing medicine*] solely for the
23 purpose of effecting a reorganization as defined in the Internal Revenue
24 Code.

25 “(4)(a) **Except as provided in paragraph (b) of this subsection, a**
26 **professional corporation may not provide in the professional**
27 **corporation’s articles of incorporation or bylaws, or by means of a**
28 **contract or other agreement or arrangement, for removing a director**
29 **described in subsection (2)(b) of this section from the professional**
30 **corporation’s board of directors, or an officer described in subsection**

1 (2)(c) of this section from an office of the professional corporation,
2 except by a majority vote of the shareholders described in subsection
3 (2)(a) of this section or, as appropriate, a majority vote of the directors
4 described in subsection (2)(b) of this section.

5 “(b) A professional corporation may remove a director or officer by
6 means other than a majority vote of the shareholders described in
7 subsection (2)(a) of this section or a majority vote of the directors
8 described in subsection (2)(b) of this section if the director or officer
9 that is subject to removal:

10 “(A) Violated a duty of care, a duty of loyalty or another fiduciary
11 duty to the professional corporation;

12 “(B) Was the subject of a disciplinary proceeding by the Oregon
13 Medical Board in which the board suspended or revoked the director’s
14 or officer’s license to practice medicine in this state;

15 “(C) Engaged in fraud, misfeasance or malfeasance with respect to
16 the director’s or officer’s performance of duties for or on behalf of the
17 professional corporation;

18 “(D) Resigned, separated or was terminated from employment with
19 the professional corporation; or

20 “(E) Failed to meet standards or criteria the professional corpo-
21 ration established for a position as a director or officer.

22 “(5) A professional corporation may relinquish or transfer control
23 over the professional corporation’s administrative, business or clinical
24 operations only if the professional corporation executes a shareholder
25 agreement exclusively between or among and for the benefit of a ma-
26 jority of shareholders who are physicians licensed in this state to
27 practice medicine and the shareholder agreement complies with the
28 provisions of ORS 60.265.

29 “[3](a)] (6)(a) The provisions of [subsections (1) and (2) of] this section
30 do not apply to:

1 “(A) A nonprofit corporation that is organized under [Oregon law] **the**
2 **laws of this state** to provide medical services to migrant, rural, homeless
3 or other medically underserved populations under 42 U.S.C. 254b or 254c, as
4 in effect on [January 1, 2018] **the effective date of this 2025 Act**;

5 “(B) A health center that is qualified under 42 U.S.C. 1396d(1)(2)(B), as
6 in effect on [January 1, 2018] **the effective date of this 2025 Act**, that op-
7 erates in compliance with other applicable state or federal law; or

8 “(C) Except as provided in paragraph (b) of this subsection, a for-profit
9 or nonprofit business entity that is incorporated or organized under the laws
10 of this state, that provides the entirety of the business entity’s medical ser-
11 vices through one or more rural health clinics, as defined in 42 U.S.C. 1395x,
12 as in effect on [January 1, 2018] **the effective date of this 2025 Act**, and
13 that operates in compliance with state and federal laws that apply to rural
14 health clinics.

15 “(b) A business entity is exempt under this subsection for a period of up
16 to one year after the business entity establishes a rural health clinic, even
17 though the rural health clinic that the business entity establishes does not
18 meet all of the elements of the definition set forth in 42 U.S.C. 1395x, as in
19 effect on [January 1, 2018] **the effective date of this 2025 Act**, if during the
20 one-year period an applicable certification for the rural health clinic is
21 pending.

22 **“SECTION 3.** ORS 58.376, as amended by section 21, chapter 73, Oregon
23 Laws 2024, is amended to read:

24 “58.376. (1) As used in this section[.]:

25 **“(a)** ‘Licensee’ means an individual who has a license as a physician or
26 a license as a physician associate from the Oregon Medical Board or who
27 has a license as a nurse practitioner from the Oregon State Board of Nurs-
28 ing.

29 **“(b) ‘Professional corporation’ means a professional corporation**
30 **that is organized for the purpose of allowing physicians, physician as-**

1 **sociates and nurse practitioners to jointly render professional health**
2 **care services.**

3 “(2) In a professional corporation [*that is organized for the purpose of allowing physicians, physician associates and nurse practitioners to jointly render professional health care services*], licensees must:

6 “(a) Hold a majority of each class of shares of the professional corporation that is entitled to vote; and

8 “(b) Be a majority of the directors of the professional corporation.

9 “(3) An individual whom the professional corporation employs, or an individual who owns an interest in the professional corporation, may not direct or control the professional judgment of a licensee who is practicing within the professional corporation and within the scope of practice permitted under the licensee’s license.

14 “(4) A licensee whom the professional corporation employs, or a licensee who owns an interest in the professional corporation, may not direct or control the services of another licensee who is practicing within the professional corporation unless the other licensee is also practicing within the scope of practice permitted under the licensee’s license.

19 **“(5)(a) Except as provided in paragraph (b) of this subsection, a professional corporation may not provide in the professional corporation’s articles of incorporation or bylaws, or by means of a contract or other agreement or arrangement, for removing a director described in subsection (2)(b) of this section from the professional corporation’s board of directors, except by a majority vote of the shareholders described in subsection (2)(a) of this section or, as appropriate, a majority vote of the directors described in subsection (2)(b) of this section.**

28 **“(b) A professional corporation may remove a director by means other than a majority vote of the shareholders described in subsection (2)(a) of this section or a majority vote of the directors described in**

1 subsection (2)(b) of this section if the director that is subject to re-
2 **moval:**

3 “(A) Violated a duty of care, a duty of loyalty or another fiduciary
4 duty to the professional corporation;

5 “(B) Was the subject of a disciplinary proceeding by the regulatory
6 board that governs the director’s practice as a licensee in which the
7 board suspended or revoked the director’s license;

8 “(C) Engaged in fraud, misfeasance or malfeasance with respect to
9 the director’s performance of duties for or on behalf of the profes-
10 sional corporation;

11 “(D) Resigned, separated or was terminated from employment with
12 the professional corporation; or

13 “(E) Failed to meet standards or criteria the professional corpo-
14 ration established for a position as a director.

15 “(6) A professional corporation may relinquish or transfer control
16 over the professional corporation’s administrative, business or clinical
17 operations only if the professional corporation executes a shareholder
18 agreement exclusively between or among and for the benefit of a ma-
19 jority of shareholders described in subsection (2)(a) of this section and
20 the shareholder agreement complies with the provisions of ORS 60.265.

21 “[(5)] (7) A professional corporation that is subject to ORS 58.375 may
22 elect to become subject to this section by amending the professional
23 corporation’s articles of incorporation or bylaws.

24 **“SECTION 4. Section 5 of this 2025 Act is added to and made a part**
25 **of ORS chapter 58.**

26 **“SECTION 5. (1) As used in this section:**

27 “(a) ‘Naturopathic medicine’ has the meaning given that term in
28 ORS 685.010.

29 “(b) ‘Naturopathic physician’ has the meaning given that term in
30 ORS 685.010.

1 “(c) ‘Professional corporation’ means a professional corporation
2 organized for the purpose of practicing naturopathic medicine or a
3 foreign professional corporation with authority to transact business in
4 this state that is organized for the purpose of practicing naturopathic
5 medicine.

6 “(2)(a) In a professional corporation, naturopathic physicians must:

7 “(A) Hold a majority of each class of shares of the professional
8 corporation that is entitled to vote; and

9 “(B) Be a majority of the directors of the professional corporation.

10 “(b) All officers of a professional corporation, except the secretary
11 and treasurer, if any, must be naturopathic physicians. The same
12 person may hold any two or more offices.

13 “(3) An individual whom the professional corporation employs, or
14 an individual who owns an interest in the professional corporation,
15 may not direct or control the professional judgment of a naturopathic
16 physician who is practicing within the professional corporation and
17 within the scope of practice permitted under the naturopathic
18 physician’s license.

19 “(4)(a) Except as provided in paragraph (b) of this subsection, a
20 professional corporation may not provide in the professional
21 corporation’s articles of incorporation or bylaws, or by means of a
22 contract or other agreement or arrangement, for removing a director
23 described in subsection (2)(a)(B) of this section from the professional
24 corporation’s board of directors, or an officer described in subsection
25 (2)(b) of this section from an office of the professional corporation,
26 except by a majority vote of the shareholders described in subsection
27 (2)(a)(A) of this section or, as appropriate, a majority vote of the di-
28 rectors described in subsection (2)(a)(B) of this section.

29 “(b) A professional corporation may remove a director or officer by
30 means other than a majority vote of the shareholders described in

1 subsection (2)(a)(A) of this section or a majority vote of the directors
2 described in subsection (2)(a)(B) of this section if the director or offi-
3 cer that is subject to removal:

4 “(A) Violated a duty of care, a duty of loyalty or another fiduciary
5 duty to the professional corporation;

6 “(B) Was the subject of a disciplinary proceeding by the Oregon
7 Board of Naturopathic Medicine in which the board suspended or re-
8 voked the director’s or officer’s license; or

9 “(C) Engaged in fraud, misfeasance or malfeasance with respect to
10 the director’s or officer’s performance of duties for or on behalf of the
11 professional corporation.

12 “(5) A professional corporation may relinquish or transfer control
13 over the professional corporation’s administrative, business or clinical
14 operations only if the professional corporation executes a shareholder
15 agreement exclusively between or among and for the benefit of a ma-
16 jority of shareholders who are naturopathic physicians licensed in this
17 state to practice naturopathic medicine and the shareholder agree-
18 ment complies with the provisions of ORS 60.265.

19 “**SECTION 6.** Sections 7 and 8 of this 2025 Act are added to and
20 made a part of ORS chapter 677.

21 “**SECTION 7.** (1) As used in this section and section 8 of this 2025
22 Act:

23 “(a) ‘Adverse action’ means discipline, discrimination, dismissal,
24 demotion, transfer, reassignment, supervisory reprimand, warning of
25 possible dismissal or withholding of work, even if the action does not
26 affect or will not affect a licensee’s compensation.

27 “(b) ‘Management services organization’ has the meaning given
28 that term in section 1 of this 2025 Act.

29 “(c) ‘Noncompetition agreement’ means a written agreement be-
30 tween a licensee and another person under which the licensee agrees

1 **that the licensee, either alone or as an employee, associate or affiliate**
2 **of a third person, will not compete with the other person in providing**
3 **products, processes or services that are similar to the other person's**
4 **products, processes or services for a period of time or within a speci-**
5 **fied geographic area after termination of employment or termination**
6 **of a contract under which the licensee supplied goods to or performed**
7 **services for the other person.**

8 **“(d) ‘Nondisclosure agreement’ means a written agreement under**
9 **the terms of which a licensee must refrain from disclosing partially,**
10 **fully, directly or indirectly to any person, other than another party to**
11 **the written agreement or to a third-party beneficiary of the agree-**
12 **ment:**

13 **“(A) A policy or practice that a party to the agreement required the**
14 **licensee to use, in patient care, other than individually identifiable**
15 **health information that the licensee may not disclose under the Health**
16 **Insurance Portability and Accountability Act of 1996, P.L. 104-191, as**
17 **in effect on the effective date of this 2025 Act;**

18 **“(B) A policy, practice or other information about or associated**
19 **with the licensee's employment, conditions of employment or rate or**
20 **amount of pay or other compensation; or**

21 **“(C) Any other information the licensee possesses or to which the**
22 **licensee has access by reason of the licensee's employment by, or**
23 **provision of services for or on behalf of, a party to the agreement,**
24 **other than information that is subject to protection under applicable**
25 **law as a trade secret of, or as otherwise proprietary to, another party**
26 **to the agreement or to a third-party beneficiary of the agreement.**

27 **“(e) ‘Nondisparagement agreement’ means a written agreement**
28 **under which a licensee must refrain from making to a third party a**
29 **statement about another party to the agreement or about another**
30 **person specified in the agreement as a third-party beneficiary of the**

1 agreement, the effect of which causes or threatens to cause harm to
2 the other party's or person's reputation, business relations or other
3 economic interests.

4 “(f) ‘Professional medical entity’ has the meaning given that term
5 in section 1 of this 2025 Act.

6 “(g) ‘Protectable interest’ means costs to an entity for recruiting a
7 new employee, providing a sign-on or relocation bonus, time spent in
8 educating or training a new hire in the entity’s procedures, marketing,
9 providing support staff, technology acquisitions or upgrades, license
10 fees and costs for similar or related items.

11 “(2)(a) Notwithstanding ORS 653.295 (1) and (2), and except as pro-
12 vided in paragraph (b) of this subsection, a noncompetition agreement
13 that restricts the practice of medicine or the practice of nursing is
14 void and unenforceable between a licensee and:

15 “(A) A person, as defined in ORS 442.015;

16 “(B) A management services organization; or

17 “(C) A hospital, as defined in ORS 442.015, or a hospital-affiliated
18 clinic, as defined in ORS 442.612.

19 “(b) A noncompetition agreement between a licensee and another
20 person that restricts the practice of medicine or the practice of nurs-
21 ing is valid and enforceable to the extent and under the terms provided
22 in ORS 653.295 if the other person provides documentation to the
23 licensee of the other person’s protectable interest, the other person
24 offers the licensee an opportunity to buy out of the noncompetition
25 agreement and:

26 “(A) The licensee is a shareholder or member of the other person
27 or otherwise owns or controls an ownership or membership interest
28 and:

29 “(i) The licensee’s ownership or membership interest in the other
30 person is equivalent to 10 percent or more of the entire ownership or

1 **membership interest that exists in the other person; or**

2 **“(ii) The licensee’s ownership or membership interest in the other**

3 **person is equivalent to 10 percent or less of the entire ownership or**

4 **membership interest that exists in the other person, but the licensee**

5 **has not sold or transferred the ownership or membership interest as**

6 **of the date of the noncompetition agreement;**

7 **“(B) The noncompetition agreement is valid only within three years**

8 **after the date on which the licensee was hired;**

9 **“(C) The licensee is a shareholder or member of a professional**

10 **medical entity and has a noncompetition agreement with the profes-**

11 **sional medical entity, but the professional medical entity:**

12 **“(i) Does not have a contract for management services with a**

13 **management services organization; or**

14 **“(ii) Has a contract for management services with a management**

15 **services organization that qualifies for an exemption under section 1**

16 **(3)(c) of this 2025 Act; or**

17 **“(D) The licensee does not engage directly in providing medical**

18 **services, health care services or clinical care.**

19 **“(3)(a) Except as provided in paragraph (b) of this subsection, a**

20 **nondisclosure agreement or nondisparagement agreement between a**

21 **licensee and a management services organization, or between a**

22 **licensee and a hospital, as defined in ORS 442.015, or hospital-affiliated**

23 **clinic, as defined in ORS 442.612, if either the hospital or the**

24 **hospital-affiliated clinic employs a licensee, is void and unenforceable.**

25 **“(b) A nondisclosure agreement or nondisparagement agreement**

26 **described in paragraph (a) of this subsection is valid and enforceable**

27 **against a licensee if:**

28 **“(A) A management services organization, hospital or hospital-**

29 **affiliated clinic terminated the licensee’s employment or the licensee**

30 **voluntarily left employment with the management services organiza-**

1 **tion, hospital or hospital-affiliated clinic, except that the management**
2 **services organization, hospital or hospital-affiliated clinic may not**
3 **enforce a nondisclosure agreement or nondisparagement agreement**
4 **against a licensee for the licensee's good faith report of information**
5 **that the licensee believes is evidence of a violation of a state or federal**
6 **law, rule or regulation to:**

7 **“(i) A hospital or hospital-affiliated clinic; or**

8 **“(ii) A state or federal authority; or**

9 **“(B) The nondisclosure agreement or nondisparagement agreement**
10 **is part of a negotiated settlement between the licensee and a man-**
11 **agement services organization, hospital or hospital-affiliated clinic.**

12 **“(c) Paragraph (a) of this subsection does not limit or otherwise**
13 **affect any cause of action that:**

14 **“(A) A party to, or third-party beneficiary of, the agreement may**
15 **have with respect to a statement of a licensee that constitutes libel,**
16 **slander, a tortious interference with contractual relations or another**
17 **tort for which the party has a cause of action against the licensee; and**

18 **“(B) Does not depend upon or derive from a breach or violation of**
19 **an agreement described in paragraph (a) of this subsection.**

20 **“SECTION 8. A management services organization or a professional**
21 **medical entity may not take an adverse action against a licensee as**
22 **retaliation for, or as a consequence of, the licensee's violation of a**
23 **nondisclosure agreement or nondisparagement agreement or because**
24 **the licensee in good faith disclosed or reported information that the**
25 **licensee believes is evidence of a violation of a federal or state law,**
26 **rule or regulation to:**

27 **“(1) The management services organization;**

28 **“(2) A hospital, as defined in ORS 442.015, or hospital-affiliated**
29 **clinic, as defined in ORS 442.612; or**

30 **“(3) A state or federal authority.**

1 **“SECTION 9.** (1) Sections 5, 7 and 8 of this 2025 Act and the
2 amendments to ORS 58.375 and 58.376 by sections 2 and 3 of this 2025
3 Act apply to contracts that a person enters into or renews on and after
4 the effective date of this 2025 Act.

5 “(2) Section 1 of this 2025 Act first applies on January 1, 2026, to
6 management services organizations and professional medical entities
7 that are incorporated or organized in this state on or after the effec-
8 tive date of this 2025 Act and to sales or transfers of ownership or
9 membership interests in such management services organizations or
10 professional medical entities that occur on or after the effective date
11 of this 2025 Act.

12 “(3) Section 1 of this 2025 Act first applies on January 1, 2029, to
13 management services organizations and professional medical entities
14 that existed before the effective date of this 2025 Act and to sales or
15 transfers of ownership or membership interests in such management
16 services organizations or professional medical entities that occur on
17 or after January 1, 2029.

18 **“SECTION 10.** This 2025 Act being necessary for the immediate
19 preservation of the public peace, health and safety, an emergency is
20 declared to exist, and this 2025 Act takes effect on its passage.”.

21
