Stop Corporate Takeovers of Physicians Act

Senators Elizabeth Warren, Ron Wyden, and Jeff Merkley
Representatives Val Hoyle, Suhas Subramanyam, and Alexandria Ocasio-Cortez

The Stop Corporate Takeovers of Physicians Act ensures health care decisions are made by physicians—not corporations. Over 80 percent of doctors in the United States are employed by corporate entities—including private equity firms and insurers—up from 62 percent in 2019. Despite prohibitions on the corporate practice of medicine in over thirty states, private equity firms, insurers, and other corporate entities have exploited legal loopholes that allow them to circumvent these restrictions to the detriment of clinicians and patients.

Management services organizations (MSOs) have become vehicles for exercising corporate control over physicians. MSOs contract with physician practices to handle ostensibly purely administrative tasks, but these actors often challenge the autonomy of acquired physicians once in control. For example, corporate entities often assume control over clinical operations, management and staffing decisions, and billing and coding practices—all of which can exert pressure on physicians to change care delivery.

The Stop Corporate Takeovers of Physicians Act ensures health care decisions are made by physicians—not private equity firms, insurance companies, or other corporate actors. The legislation:

- Bans the corporate practice of medicine by making it illegal for private equity funds, insurance companies, and other for-profit corporations to own or control medical practices;
- Closes the "friendly physician" loophole that has allowed investor-backed corporations to evade state-level bans on the corporate practice of medicine and control medical practices through MSOs;
- Prohibits an MSO from controlling a medical practice through a "friendly" or "captive" physician, or by taking over business, administrative, and clinical functions such as hiring and firing, work schedules, compensation, disbursement of revenue or setting of revenue targets, billing practices, contracting, and other services;
- Ensures that physicians retain ultimate control of medical practices by requiring that physician owners are meaningfully engaged in providing medical care in the state in which their practice is located; and
- Protects physician independence by prohibiting corporate interference with clinical decisions and banning restrictive contract terms, such as non-compete agreements, non-disclosure agreements, and non-disparagement agreements.

The bill is modeled on a landmark law in Oregon that physicians have already used to successfully challenge corporate takeovers in the state. Most recently, Eugene Emergency Physicians beat back efforts by Peace Health to replace local physicians with a national, investor-backed staffing company.