119TH CONGRESS
2D SESSION

S. ______

To establish certain protections for physicians and other licensed health professionals, place certain requirements on medical practices and management services organizations, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Ms. WARREN (for herself, Mr. WYDEN, and Mr. MERKLEY) introduced the following bill; which was read twice and referred to the Committee on ______________

A BILL

To establish certain protections for physicians and other licensed health professionals, place certain requirements on medical practices and management services organizations, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Stop Corporate Takeovers of Physicians Act of 2026".

SEC. 2. PROHIBITION ON THE CORPORATE PRACTICE OF MEDICINE, PROTECTIONS FOR EMPLOYED LICENSEES, AND RESTRICTIONS REGARDING MANAGEMENT SERVICES ORGANIZATIONS.

(a) PROHIBITION ON THE CORPORATE PRACTICE OF MEDICINE.—

(1) IN GENERAL.—Except as provided in paragraph (3), it shall be unlawful for any partnership or corporate entity, such as a professional corporation, limited liability company, or limited liability partnership, that is not majority-owned and controlled by 1 or more licensees to—

(A) own or control, in whole or in part, a medical practice;

(B) employ, or enter into a contract for the professional services of, a licensee; or

(C) engage in the practice of medicine (as described in subsection (d)(4)(B)).

(2) MAJORITY-OWNED AND CONTROLLED BY LICENSEES DESCRIBED.—For purposes of this subsection, a partnership or corporate entity shall be considered majority-owned and controlled by 1 or more licensees if such licensees—

(A) hold not less than a majority of the ownership or membership interest in the partnership or corporate entity; and

(B) constitute a majority of the governing body of such partnership or corporate entity.

(3) EXCEPTION.—This subsection shall not apply to the following:

(A) Any non-profit or public health care provider.

(B) A hospital (as defined in subsection (e) of section 1861 of the Social Security Act (42 U.S.C. 1395x)), a hospital-affiliated clinic, a critical access hospital (as defined in subsection (mm)(1) of such section), or a rural emergency hospital (as defined in subsection (kkk)(1) of such section.

(b) PROTECTIONS OF LICENSEES AND REQUIREMENTS REGARDING MEDICAL PRACTICES AND MANAGEMENT SERVICES ORGANIZATIONS.—

(1) PROTECTIONS OF LICENSEES.—

(A) AGREEMENTS.—

(i) IN GENERAL.—Except as provided in clause (iii), it shall be unlawful for any licensee, health care provider, or management services organization to enter into the following agreements:

(I) A non-compete clause.

(II) A non-disclosure or non-disparagement agreement.

(ii) AGREEMENTS VOID.—Any agreement described in clause (i) shall be void and unenforceable.

(iii) EXCEPTION.—A non-compete clause between a licensee of a medical practice and the medical practice is only valid and enforceable if the licensee is a shareholder or member of the medical practice or otherwise owns or controls an ownership or membership interest that is equivalent to 25 percent or more of the entire ownership or membership interest that exists in the medical practice.

(iv) CLARIFICATION.—Clause (i)(II) does not limit or otherwise affect any cause of action that—

(I) a party to, or third-party beneficiary of, an agreement described in such clause may have with respect to a statement of a licensee that constitutes libel, slander, a tortious interference with contractual relations, or another tort for which a party has a cause of action against the licensee; or

(II) does not depend upon or derive from a breach or violation of an agreement described in such clause.

(B) RESTRICTIONS ON HEALTH CARE PROVIDERS.—A health care provider may not, either directly or indirectly, through discipline, punishment, threats, adverse employment actions, coercion, retaliation, or excessive pressure, interfere with, control, or otherwise direct the professional judgment or clinical decisions of a licensee, including by—

(i) specifying the period of time a licensee may spend with a patient, including the time permitted for a licensee to begin or complete evaluating patients in an emergency department or evaluate admitted patients;

(ii) determining the clinical status of a patient, including whether the patient should—

(I) be admitted to inpatient status;

(II) be kept in observation status;

(III) receive palliative care; or

(IV) be referred to an alternative treatment center such as a skilled nursing facility;

(iii) specifying how quickly a treatment should be initiated;

(iv) controlling where a patient is referred to upon discharge;

(v) having final decision-making authority over diagnoses, diagnostic terminology, or diagnosis codes that are entered into the medical record by the licensee;

(vi) controlling or limiting the range of clinical orders available to licensees, including by configuring or controlling the medical record in a manner that influences the clinical decision-making of a licensee; or

(vii) any other action that the Commission determines, in consultation with the Secretary of Health and Human Services, interferes or controls the clinical judgment or decision making of a licensee.

(2) RESTRICTIONS REGARDING MANAGEMENT SERVICES ORGANIZATIONS.—

(A) IN GENERAL.—A management services organization or a shareholder, director, member, manager, officer, employee, or contractor of such an organization may not—

(i) control or enter into an agreement to control or restrict the sale or transfer of a medical practice's shares, interests, or assets, or otherwise permit a person other than a licensee to control or restrict the sale or transfer of such shares, interests, or assets;

(ii) issue shares of stock or other ownership interest in a medical practice or cause a medical practice to issue shares of stock or other ownership interest in such practice, in a subsidiary of such practice, or in an affiliate of such practice, including by establishing or causing the establishment of a medical practice with which the management services organization or affiliate of such organization intends to contract;

(iii) pay dividends from shares or an ownership interest in a medical practice;

(iv) own or control shares or other ownership interest in, serve as a director, manager, or officer of, be an employee of, be a contractor with, or otherwise participate in managing a medical practice;

(v) acquire, cause the acquisition of, or finance the acquisition of shares or other ownership interest in a medical practice;

(vi) contract with, or amend, renew, or terminate a contract with a medical practice for management services unless—

(I) the medical practice negotiated the contract at arm's length through legal counsel, negotiators, and financial advisors selected by such practice without the involvement of the management services organization and free from any financial conflict of interest with the management services organization; and

(II) any compensation under the contract reflects fair market value, as determined by the Commission;

(vii) advertise the services of a medical practice under the name of an entity that is not the medical practice; or

(viii) control or exercise de facto control over the administrative, business, or clinical operations of a medical practice in a manner that affects the nature or quality of medical care that the medical practice furnishes, including through exercising ultimate decision-making authority over—

(I) the hiring or termination of employees of the medical practice;

(II) the work schedules, compensation, or other terms of employment for licensees of the medical practice;

(III) staffing levels of the medical practice;

(IV) the period of time a licensee of the medical practice may see a patient;

(V) the disbursement of revenue generated from licensee fees and other revenue generated by services furnished by licensees of the medical practice;

(VI) required degrees or credentials for a licensee of the medical practice to see a patient;

(VII) the establishment of revenue targets for licensees or other incentives for licensees of the medical practice;

(VIII) decisions regarding the diagnostic coding used by the medical practice;

(IX) clinical standards or policies of the medical practice;

(X) policies regarding billing for services furnished by the medical practice;

(XI) the price, rates, or amounts charged for services furnished by licensees of the medical practice; or

(XII) the negotiation, execution, performance, enforcement, or termination of contracts with third-party payors or individuals that are not employees of the medical practice.

(B) AGREEMENTS VOID.—Any agreement between a management services organization and a medical practice that allows a management services organization or shareholder, director, member, manager, officer, employee, or contractor of such an organization to take any action that is in violation of this paragraph shall be considered void, unenforceable, and against public policy.

(c) REQUIREMENT OF LICENSEE OWNERS OF A MEDICAL PRACTICE.—Licensee owners of a medical practice shall be—

(1) licensed and present in a State where services to patients are furnished by the medical practice; and

(2) substantially engaged in delivering medical care.

(d) DEFINITIONS.—For purposes of this section:

(1) COMMISSION.—The term ''Commission'' means the Federal Trade Commission.

(2) HEALTH CARE PROVIDER.—The term ''health care provider''—

(A) means any entity that delivers health care services; and

(B) includes a medical practice.

(3) LICENSEE.—The term ''licensee'' means a physician (as defined in section 1861(r)(1) of the Social Security Act (42 U.S.C. 1395x(r)(1)) or other advanced practice provider such as a physician assistant or nurse practitioner (as those terms are defined in section 1861(aa)(5) of such Act (42 U.S.C. 1395x(aa)(5)) who is authorized under State law to diagnose and treat patients in a clinical setting.

(4) MANAGEMENT SERVICES ORGANIZATION.—

(A) IN GENERAL.—The term ''management services organization'' means an entity that has entered into an agreement with a medical practice to provide services to such practice in return for compensation, including services regarding payroll, human resources, employment screening, payer contracting, billing and collection, coding, information technology services, patient scheduling, property or equipment leasing, and administrative or business services that do not constitute the practice of medicine.

(B) PRACTICE OF MEDICINE.—For purposes of this section, an entity shall be deemed to be providing services that constitute the practice of medicine if the provision of such services affects the patient-licensee relationship, including by—

(i) performing an evaluation of a patient that results in the formulation of a differential diagnosis, diagnostic plan, therapeutic plan and disposition of the patient; and

(ii) imposing an administrative or facility-based measurement or restriction on any portion of the patient-licensee relationship.

(5) MEDICAL PRACTICE.—The term ''medical practice'' means a partnership or corporate entity, such as a professional corporation, limited liability company, or limited liability partnership that is organized for the purpose of practicing medicine.

(6) NON-COMPETE CLAUSE.—

(A) IN GENERAL.—The term ''non-compete clause'' means a term or condition of employment that prohibits a worker from, penalizes a worker for, or functions to prevent a worker from—

(i) seeking or accepting work in the United States with a different person where such work would begin after the conclusion of the employment that includes the term or condition; or

(ii) operating a business in the United States after the conclusion of the employment that includes the term or condition.

(B) TERM OR CONDITION OF EMPLOYMENT.—For the purposes of subparagraph (A), a term or condition of employment includes, but is not limited to, a contractual term or workplace policy, whether written or oral.

(e) ENFORCEMENT.—

(1) ENFORCEMENT BY THE COMMISSION.—

(A) UNFAIR OR DECEPTIVE ACTS OR PRACTICES.—A violation of this section or a regulation promulgated under this section shall be treated as a violation of a rule defining an unfair or deceptive act or practice under section 18(a)(1)(B) of the Federal Trade Commission Act (15 U.S.C. 57a(a)(1)(B)).

(B) POWERS OF THE COMMISSION.—

(i) IN GENERAL.—Except as provided in clause (iii), the Commission shall enforce this section in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable terms and provisions of the Federal Trade Commission Act (15 U.S.C. 41 et seq.) were incorporated into and made a part of this section.

(ii) PRIVILEGES AND IMMUNITIES.—Except as provided in clause (iii), any person who violates this section shall be subject to the penalties and entitled to the privileges and immunities provided in the Federal Trade Commission Act (15 U.S.C. 41 et seq.).

(iii) NONPROFIT ORGANIZATIONS.—Notwithstanding section 4, 5(a)(2), or 6 of the Federal Trade Commission Act (15 U.S.C. 44, 45(a)(2), 46) or any jurisdictional limitation of the Commission, the Commission shall also enforce this section, in the same manner provided in clauses (i) and (ii), with respect to organizations not organized to carry on business for their own profit or that of their members.

(iv) AUTHORITY PRESERVED.—Nothing in this section may be construed to limit the authority of the Commission under any other provision of law.

(v) RULEMAKING.—The Commission shall promulgate in accordance with section 553 of title 5, United States Code, such rules as may be necessary to carry out this section.

(2) PRIVATE RIGHT OF ACTION.—

(A) IN GENERAL.—Any person who has been injured by a person in violation of this section, or a regulation promulgated thereunder, may bring a civil action against such person in a court of competent jurisdiction.

(B) RELIEF.—In a civil action brought under subparagraph (A) in which the plaintiff prevails, the court may award—

(i) treble damages;

(ii) reasonable attorney's fees and litigation costs; and

(iii) any other relief, including equitable or declaratory relief, that the court determines appropriate.

(3) ACTIONS BY STATE ATTORNEYS GENERAL.—In any case in which the attorney general of a State has reason to believe that an interest of the residents of such State has been or is threatened or adversely affected by the engagement of any person in an act or practice in violation of this section, or a regulation promulgated thereunder, the attorney general of the State, may as parens patriae, bring a civil action on behalf of the residents of the State in an appropriate State court or an appropriate district court of the United States to obtain appropriate relief, including equitable relief and monetary damages.

(4) INJUNCTIVE AND EQUITABLE RELIEF.—In any action described in paragraph (1), (2) or (3), the applicable court, on a finding that a person is in violation of this section, shall issue an order requiring such person—

(A) to cease and desist from such violation, and, if applicable, divest an entity of such person; and

(B) to disgorge any revenue received from an entity subject to divestment for the period of such violation.

(5) RIGHT TO JURY TRIAL.—In any action brought under paragraph (1), (2), or (3), either party, upon request, shall have the right to a jury trial.

(f) EFFECTIVE DATE.—The requirements of this section shall take effect on the date that is 1 year after the date of enactment of this Act.

SEC. 3. FEDERAL HEALTH PROGRAMS.

Section 1128(b) of the Social Security Act (42 U.S.C. 1320a–7(b)) is amended by adding at the end the following new paragraph:

"(18) VIOLATIONS OF RESTRICTIONS REGARDING MANAGEMENT SERVICES ORGANIZATION.—Any entity that violates the requirements described in section 2 of the Stop Corporate Takeovers of Physicians Act of 2026.".

SEC. 4. PREEMPTION.

Nothing in this Act shall be construed to preempt, displace, or supersede any State law that—

(1) imposes equal or more stringent ownership and control requirements on medical practices than the requirements imposed under this Act, including a State law that applies such requirements to any entity exempt from the requirements imposed under this Act;

(2) affords equal or greater protection to licensees than the protections provided under this Act; or

(3) imposes equal or more stringent restrictions on management services organizations than the restrictions imposed under this Act.