

# H.583: AN ACT RELATING TO HEALTH CARE FINANCIAL TRANSACTIONS AND CLINICAL DECISION MAKING



**The Office of the Health Care Advocate (HCA)**

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# AGENDA

- Refresher: Goals of the Bill
- Stories from Oregon (SB 951)
- New AMA Report on CPOM
- High Level Overview of HCA Compromise Proposal

## GOALS OF H.583

- Ensure medical care is provided by medical professionals
- Protect rights and autonomy of medical providers
- Protect patients and providers from potentially exploitative ownership structures and transactions
- Prevent negative impacts to health outcomes, quality, and cost
- Establish rules for private equity in Vermont's health care system

# Acquisitions of MD Practices → ↑ Spending, Charges, Prices, Volume

## Original Investigation

# Association of Private Equity Acquisition of Physician Practices With Changes in Health Care Spending and Utilization

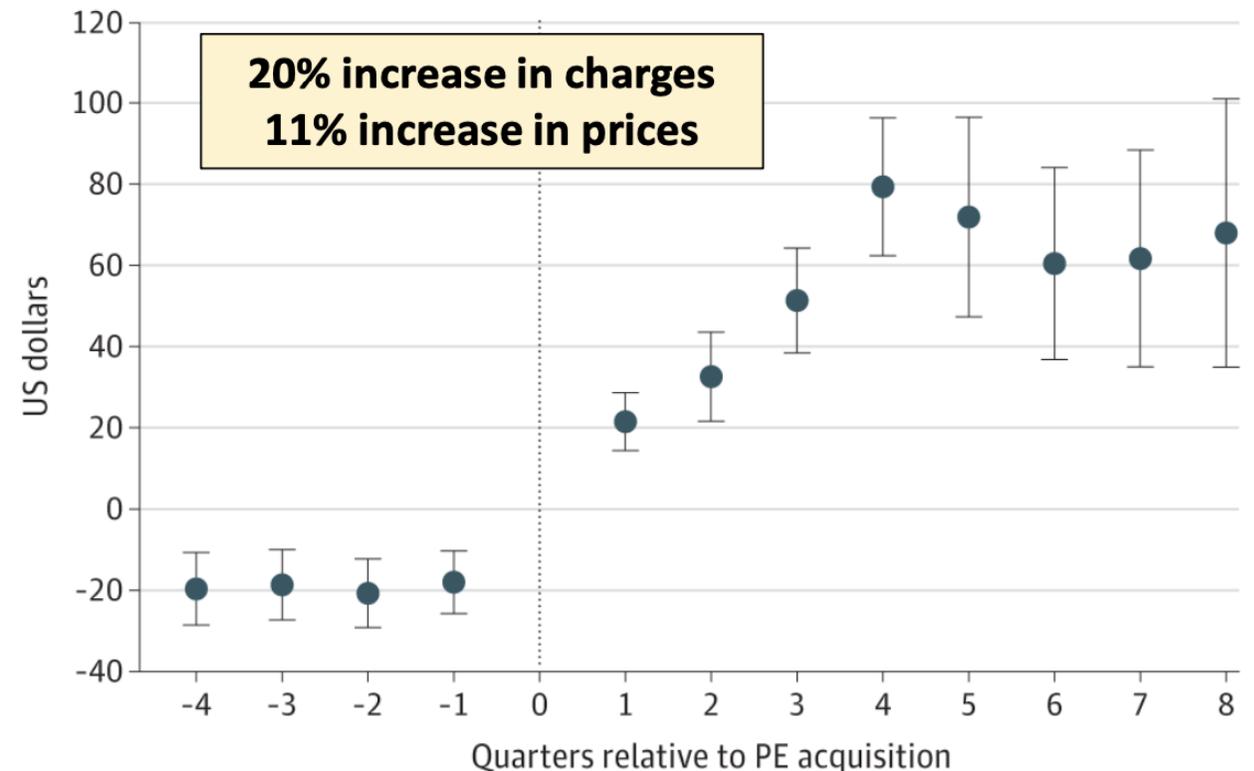
JAMA  
Health Forum

(2022)

Yashaswini Singh, MPA; Zirui Song, MD, PhD; Daniel Polsky, PhD, MPP; Joseph D. Bruch, PhD; Jane M. Zhu, MD, MPP, MSHP

Table 1. Characteristics of PE- and Non-PE-Acquired Physician Practices at Baseline, 2015

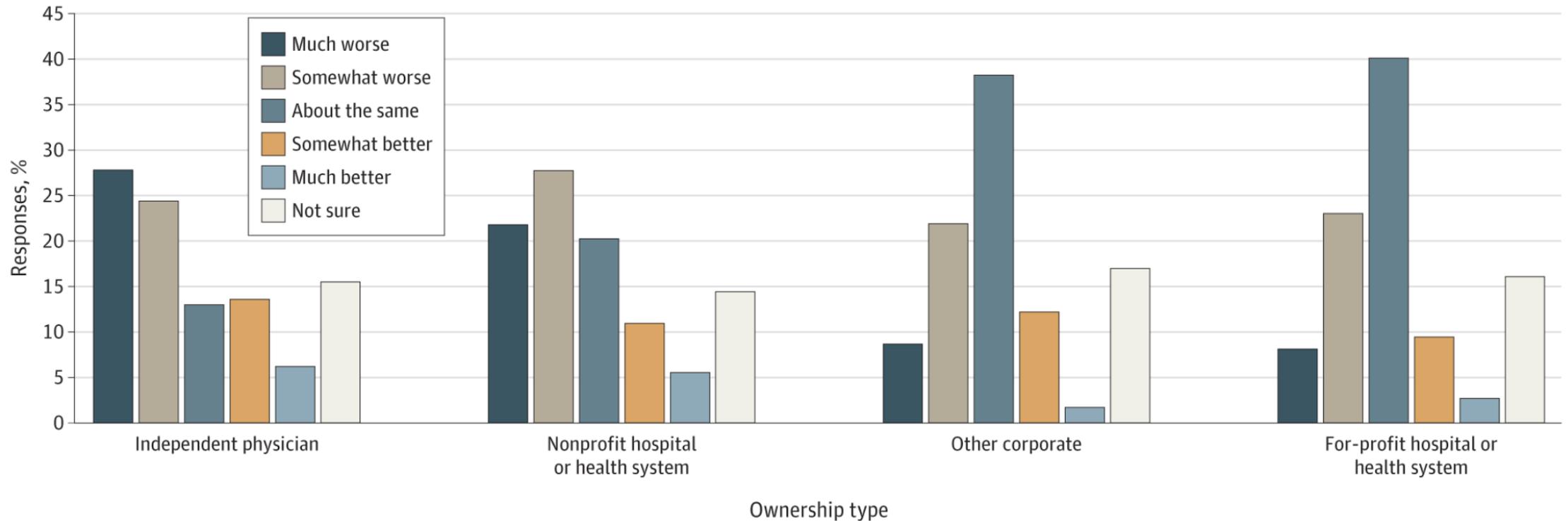
Characteristic	Mean (SD)	
	PE-acquired	Non-PE-acquired <sup>a</sup>
Physician practices, No.	578	2874
Charge/claim, mean \$	322 (258)	332 (326)
Allowed amount/claim, mean \$	187 (136)	178 (136)
Total No.		
Unique patients	94 (182)	88 (172)
New patients	72 (136)	67 (132)
Encounters	124 (237)	118 (224)
E&M visits	75 (188)	72 (180)
Share of E&M visits >30 min		
New patients	0.26 (0.15)	0.26 (0.21)
Established patients	0.19 (0.17)	0.18 (0.22)
Patient HCC score, median	1.21 (1.05)	1.28 (1.10)



Credit to Dr. Zirui Song & Dr. Yashaswini Singh

# Physician Perceptions of Private Equity

## Favorability of Private Equity Ownership Compared With Other Types of Ownership



*Credit to Dr. Zurui Song & Dr. Yashaswini Singh*

## LESSONS FROM OREGON: ORIGINS OF BANNING THE CORPORATE PRACTICE OF MEDICINE

- In the late 19th century, mining and railroad bosses began hiring “company doctors” tasked with getting workers back on the job as quickly as possible. The priority wasn’t the workers’ health but rather the company’s bottom line.
- After the kind of tragedies you would expect began to occur, the **Corporate Practice of Medicine (CPOM) Doctrine** legal doctrine emerged.
- This doctrine makes clear that medical clinics must be owned and controlled by licensed physicians, not corporations. Over time, most states passed laws banning corporations from owning medical clinics or employing doctors.

## LESSONS FROM OREGON

- Oregon Supreme Court Ruling in 1947: Justice Arthur D. Hays warned that if competent medical practitioners weren't clearly distinguished, "the mass of the public would fall into the hands of quacks and charlatans when their most fundamental needs were at stake."
- "His language may be dated, but the principle is timeless: a physician's duty to their patients will always be in tension with a corporation's duty to its shareholders."
- "We are falling back on precedent. Laws that exist across the country to prohibit the corporate practice of medicine should not lose their meaning just because private equity firms and corporate lawyers have found a clever way to evade them on paper."

*Credit to the Office of Oregon House Majority Leader for their guidance and support.*

## OREGON'S PRIVATE EQUITY BILL: SB 951

- **Recertified existing CPOM law**
- **Restrictions on Non-Provider Control:** Prohibits MSOs from owning, controlling, or managing the clinical operations, staffing, or scheduling of professional medical entities (PMEs).
- **Voided CPOM Agreements:** Renders non-compete, non-disparagement, and non-disclosure agreements void for medical licensees.
- **Ownership Limits:** Bans "friendly PC" structures where non-physicians hold majority ownership or control the transfer of shares.

## WHAT HAPPENED IN OREGON?

- **No adverse impact to investment** in Oregon's health care system
- **Positive** impact on patient access, costs, and outcomes
- **Positive** impact on number of providers returning to practicing medicine
  
- Bill passed with broad bipartisan support
- Bill was supported by the Oregon Medical Association and hundreds of providers

AMERICAN MEDICAL ASSOCIATION  
LEGISLATIVE REPORT ON CPOM (DEC 2025)

“By and large, at present, CPOM laws are minimally enforced at the state level. It is crucial, then, that state laws attempting to strengthen CPOM restrictions come with a legitimate threat of enforcement.

“States looking to implement a modernized CPOM ban need therefore prioritize and invest in a mechanism of oversight for CPOM laws.”

*Credit to the Chief Legal Counsel for Oregon Medical Association for their guidance.*

## AMERICAN MEDICAL ASSOCIATION LEGISLATIVE REPORT (DEC 2025)

- “At base, laws that aim to strengthen CPOM provisions tend not to be ultra-controversial among physicians. However, for these laws to have the desired impact, they must be accompanied by a meaningful threat of enforcement—and one that does not solely, or even primarily, implicate physicians.”
- “To that end, provisions that categorize CPOM violations as ‘unprofessional conduct’ or conduct otherwise punishable by the licensing board tend not to be preferred.”

*Credit to the Chief Legal Counsel for Oregon Medical Association for their guidance.*

## AMERICAN MEDICAL ASSOCIATION COUNCIL ON ETHICAL AND JUDICIAL AFFAIRS\*

- “When contracting with entities, or having a representative do so on their behalf, to provide health care services, physicians should:

(a) Carefully review the terms of proposed contracts, preferably with the advice of legal and ethics counsel, to assure themselves that the arrangement:

(vii) prohibits the corporate practice of medicine”

\*Considered the highest ethical body in medicine.

*Credit to Dr. Robert McNamara, President of the American Association of Emergency Medicine, for this guidance.*

# HCA COMPROMISE PROPOSAL



# DEFINITIONS AND OWNERSHIP

## Concern

- “prohibits an organization funded by capital investments from owning a health care facility; any for-profit entity from owning a health care entity”



## HCA Compromise Proposal

- Permits all non-private equity forms of for-profit ownership of medical practices (LLC, Professional Corporation, etc.) allowed under existing Vermont law

# DEFINITIONS AND OWNERSHIP

## Concern

- “Threatens to end the use of any telehealth or remote monitoring provider and not prohibits contracting with cost-effective, high quality private medical groups for services”



## HCA Compromise Proposal

- Exempts telehealth
- Exempts nursing homes
- Exempts out of state staffing companies
- Maintain prohibitions on sale-leasebacks & real estate investment trusts for hospitals

# CORPORATE PRACTICE OF MEDICINE

## Concern

- “We support the intent of language regarding limits on interfering with or controlling professional judgment – but this list is underinclusive and in-patient care focused. This should be replaced with the language suggested by many of our organizations”



## HCA Compromise Proposal

- Substitute existing CPOM language with provider suggested language
- Add provider recommended language from H.205 on non-solicitation and non-competes
- Add provider recommendation to clarifying providers can take on additional non-clinical employment
- Keep prohibition on dual ownership interests

# REPORTING

## Concern

- “Multi-layered, detailed reporting requirements pose significant administrative burden and cost on health care entities”
- “Not all small provider organizations may have audited financial statements available.”



## HCA Compromise Proposal

- Reporting only required for providers or facilities with any current PE investment or ownership.
- Current providers and facilities *without* any PE involvement are **exempt** from any reporting aside from simple attestation of no PE.
- Audited financials not required if not available.

## EXISTING H.583 LANGUAGE DESIGNED TO REDUCE REPORTING & ADMIN BURDEN

- “The Green Mountain Care Board may share information reported under this subchapter with the Attorney General, the Secretary of State, other State agencies, and other State officials to reduce or avoid duplication in reporting requirements or to facilitate oversight or enforcement pursuant to the Vermont law, or both.”
- “Any tax identification numbers that are individual Social Security numbers may be shared with the Attorney General, other State agencies, and other State officials **who agree to maintain the confidentiality of such information.**”
- “The Board may, in consultation with the relevant State agencies, merge similar reporting requirements where appropriate.”

# ENFORCEMENT

## Concern

- “Subjecting small entities to audits and fines ranging from \$50-500,000 for missing a reporting deadline or having incorrect information is unacceptable.”



## HCA Compromise Proposal

- Add language that enforcement only warranted if there is a “material misrepresentation in information or documents it provided to the GMCB” to give providers more latitude/cover for unintentional errors/typos
- Eliminates private right of action
- Eliminates AG audit

# ENFORCEMENT

## Concern

- “So many activities are now in a legal gray area and there is a private right of action means that daily work opens health care organizations up to the threat of lawsuits”



## HCA Compromise Proposal

- Eliminates private right of action
- Eliminates AG audit authority

# WHAT H.583 DOES & DOES NOT DO

Ban private equity	No
Ban private equity, venture capital or any other investment	No
Ban management services organizations from providing admin, billing support to providers or hospitals	No
Ban providers from taking out a loan or bond to support their practice	No
Ban corporate MSOs or PE firms from controlling or owning physician practices or health care facilities	Yes
Ban corporate MSOs or PE firms from controlling provider decision-making	Yes
Ban non-competes and non-disclosure agreements	Yes

# ORGANIZATIONAL SUPPORTERS FOR H.583

- AFT-Vermont (*11,000 members*)
- Vermont Free and Referral Clinics (*represents 8 clinics across Vermont*)
- Vermont Physicians for a National Health Program (*represents 159 physicians*)
- Vermont National Education Association (VT-NEA) (*13,000+ members*)
- Vermont League of Women Voters
- Vermont Workers Center
- Committee to Protect Healthcare (*represents 36,000 physicians*)
- Coalition for Patient Centered Care (*represents 5,000 physicians*)
- Association for Independent Medicine (*national non-profit physician organization*)
- Moral Injury of Healthcare (*national provider advocacy non-profit organization*)

# HEALTH CARE PROVIDER SUPPORTERS OF H.583

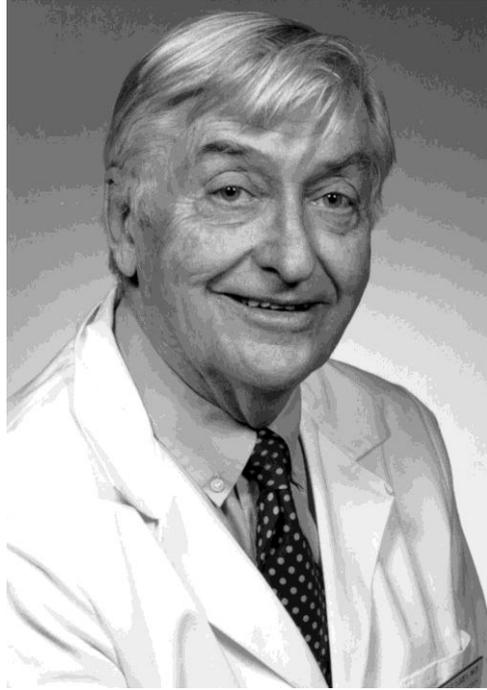
- Dr. Betty Keller, MD: President, Vermont Physicians for a National Health Program St. Johnsbury, VT
- Dr. Jack Mayer, MD, MPH: Middlebury, VT
- Dr. Jane Katz Field, MD: Brattleboro
- Dr. David Schneider, DO, MS-HCT, FAAP: Rutland, VT
- Savannah Solomon, RN: UVM Health
- Sandy Hamlet, RN: UVM Health
- Meghan Brooks, RN: UVM Health
- Sara Leckey, RN: UVM Health
- Andrew Garcia, RPH: UVM Health
- Cody Thomas Rounds, PsyD, Vice President of Vermont Psychological Association
- Dr. Rob Inglis, M.D., UVM Health

## HEALTH POLICY EXPERT SUPPORTERS OF H.583

- Dr. Nancy Kane: Harvard T.H. Chan School of Public Health
- Dr. John McDonough\*: Harvard T.H. Chan School of Public Health
  - *\*Architect of Massachusetts universal health insurance program (2006) + Affordable Care Act*
- Dr. Elliot Fisher, MD, MPH: The Dartmouth Institute
- Michael Fenne, JD: Private Equity Stakeholder Project
- Olivia Sharrow, MPH: Executive Director, Free and Referral Clinics of Vermont
- United States of Care (*national non-partisan non-profit consumer organization*)

## HEALTH POLICY EXPERT & PROVIDER SUPPORTERS

- Dr. Nancy Kane, Harvard T.H. Chan School of Public Health, UVM Liasson Team
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- Jack Mayer, MD, MPH: Middlebury, VT
- Dr. Jane Katz Field, MD: Brattleboro, VT
- David Schneider, DO, MS-HCT, FAAP; Rutland, VT



IN MEMORIAM