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S T A T E O F R H O D E I S L A N D

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO HEALTH AND SAFETY -- RHODE ISLAND BAN ON THE CORPORATE PRACTICE OF MEDICINE ACT

Introduced By: Senators Ujifusa, Mack, DiMario, Lauria, Valverde, Kallman, Acosta, Murray, and Quezada

Date Introduced: February 06, 2026

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 23 of the General Laws entitled "HEALTH AND SAFETY" is hereby
2 amended by adding thereto the following chapters:

3 CHAPTER 106

4 RHODE ISLAND BAN ON THE CORPORATE PRACTICE OF MEDICINE ACT

5 **23-106-1. Prohibition on the corporate practice of Medicine ("CPOM").**

6 (a) Except as provided in § 23-106-2(b), it is unlawful for an individual, corporation,
7 partnership, or any other entity without proper licensure pursuant to the provisions of title 23
8 ("health and safety"), to own a medical practice, employ healthcare licensees, or otherwise engage
9 in the practice of medicine.

10 (b) Notwithstanding the foregoing, an individual, corporation, partnership, or any other
11 entity, without a license under this title or chapter 37 of title 5 that is permitted to employ licensees
12 under § 23-106-2 shall not indirectly or directly interfere with, control, or otherwise direct the
13 professional judgment or clinical decisions of a licensee.

14 **23-106-2. Corporate entities permitted to employ physicians.**

15 (a) A medical practice organized for the purpose of practicing medicine may employ
16 physicians and engage in the practice of medicine under the following conditions:

17 (1) Licensees who are licensed in this state to practice medicine shall hold the majority of
18 each class of shares that are entitled to vote.:

1 (2) Licensees who are licensed in this state to practice medicine shall be a majority of the
2 directors.; and

3 (3) All officers except the secretary and treasurer, if any, must be licensees who are licensed
4 in this state to practice medicine. The same person may hold any two (2) or more offices.

5 (b) The following entities may employ physicians and engage in the practice of medicine:

6 (1) Safety net clinics and public healthcare providers, including federally qualified health
7 centers, rural health clinics;

8 (2) Public hospitals;

9 (3) Health and hospital districts;

10 (4) School-based health clinics; and

11 (5) Tribal health clinics.

12 **23-106-3. Regulating contracts between medical practices and management services**
13 **organizations.**

14 (a) Ban on straw ownership.

15 (1) Licensee owners of a medical practice shall exhibit meaningful ownership of the
16 medical practice.

17 (2) Meaningful ownership shall require that each licensee owner is duly licensed and
18 present in the state and substantially engaged in delivering medical care or managing the medical
19 practice.

20 (b) Ban on dual ownership or interests.

21 (1) A shareholder, director, or officer of a medical practice shall not:

22 (i) Own or control shares in, serve as a director or officer of, be an employee of or an
23 independent contractor with, or otherwise participate in managing both the medical practice and a
24 management services organization with which the medical practice has a contract; or

25 (ii) Receive substantial compensation or remuneration from a management services
26 organization in return for ownership or management of the medical practice.

27 (iii) Subsection (b)(1)(i) of this section shall not apply to the shareholders, directors, or
28 officers of a medical practice if the medical practice owns a majority of the interest in the
29 management services organization or separate legal entity.

30 (c) Ban on stock transfer restriction agreements.

31 (1) A medical practice shall not transfer or relinquish control over the sale, the restriction
32 of the sale, or the encumbrance of the sale of the medical practice's shares or assets.

33 (2) A medical practice shall not transfer or relinquish control over the issuing of shares of
34 stock in the medical practice, in a subsidiary of the medical practice or an entity affiliated with the

1 medical practice, or the paying of dividends.

2 (d) Ban on restrictive covenants.

3 (1) Noncompetition agreements:

4 (i) Except as provided in subsection (d)(1)(ii) of this section, a noncompetition agreement

5 between a licensee and another person is void and unenforceable.

6 (ii) A noncompetition agreement between a licensee and another person is valid and

7 enforceable if the licensee is a shareholder or member of the other person or otherwise owns or

8 controls an ownership or membership interest that is equivalent to twenty-five percent (25%) or

9 more of the entire ownership or membership interest that exists in the other person.

10 (2) Non-disclosure and nondisparagement agreements:

11 (i) A nondisclosure agreement or nondisparagement agreement between a licensee and a

12 management services organization is void and unenforceable;

13 (ii) The provisions of subsection (d)(2)(i) shall not limit or otherwise affect any cause of

14 action that:

15 (A) A party to, or third-party beneficiary of, the agreement may have with respect to a

16 statement of a licensee that constitutes libel, slander, a tortious interference with contractual

17 relations, or another 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 an agreement described

19 in this subsection.

20 (e) Ban on advertising. It is unlawful for a management services organization or other legal

21 entity that is not the medical practice to advertise the medical practice's services under the name

22 of the entity that is not the medical practice.

23 (f) Ban on relinquishing control of the medical practice.

24 (1) A medical practice shall not by means of a contract or other agreement or arrangement,

25 by providing in the medical practice's articles of incorporation or bylaws, by forming a subsidiary

26 or affiliated entity or by other means, relinquish control over or otherwise transfer de facto control

27 over any of the medical practice's administrative, business or clinical operations that may affect

28 clinical decision-making or the nature or quality of medical care that the medical practice delivers.

29 (2) Conduct prohibited under subsection (f)(1) of this section includes, but is not limited

30 to, relinquishing ultimate decision-making authority over:

31 (i) Hiring or terminating, setting work schedules and compensation, or otherwise

32 specifying terms of employment of employees who are licensed to practice medicine in this state

33 or who are licensed in this state as physician assistants or nurse practitioners;

34 (ii) The disbursement of revenue generated from physician fees and other revenue

1 generated by physician services.

2 (iii) Collaboration and negotiation with hospitals and other institutions in which the
3 licensees of the medical practice may deliver clinical care, particularly with regard to controlling
4 licensee schedules as a means of discipline.

5 (iv) Setting staffing levels, or specifying the period of time a licensee may see a patient,
6 for any location that serves patients;

7 (v) Making diagnostic coding decisions;

8 (vi) Setting clinical standards or policies;

9 (vii) Setting policies for patient, client, or customer billing and collection;

10 (viii) Setting the prices, rates, or amounts the medical practice charges for a licensee's
11 services; or

12 (ix) Negotiating, executing, performing, enforcing, or terminating contracts with third-
13 party payors or persons that are not employees of the medical practice.

14 (4) The conduct described in subsection (f)(1) and (f)(2) of this subsection shall not prohibit
15 collection of quality metrics as required by law or in accordance with an agreement to which the
16 medical practice is a party or setting criteria for reimbursement under a contract between the
17 medical practice and an insurer or payer or entity that otherwise reimburses the medical practice
18 for medical care.

19 (5) Notwithstanding the provisions of subsection (f)(1) of this subsection, a medical
20 practice may delegate administrative, business, or clinical operations described in subsection (f)(2)
21 of this section to a managed services organization; provided that, the medical practice's shareholder
22 agreement bestows this delegation authority exclusively to the majority of shareholders who are
23 licensee-owners, and such delegation does not relinquish de facto control of the medical practice
24 to non-licensees.

25 **23-106-4. Protections for employed licensees.**

26 (a) The following provisions apply to persons licensed pursuant to the provisions of this
27 title or chapter 37 of title 5 to provide healthcare services and who are employed by, or who provide
28 healthcare services under contract with, an unlicensed person, corporation, or other entity under
29 this chapter.

30 (b) Ban on restrictive covenants.

31 (1) Noncompetition agreements. A nondisclosure agreement or nondisparagement
32 agreement between a licensee and an employer or another entity is void and unenforceable.

33 (2) Non-disclosure and nondisparagement agreements.

34 (i) A nondisclosure agreement or nondisparagement agreement between a licensee and an

1 employer or any other entity is void and unenforceable.

2 (ii) Subsection (b)(2) of this section shall not limit or otherwise affect any cause of action
3 that:

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

7 (B) Does not depend upon or derive from a breach or violation of an agreement described
8 in subsection (b)(2)(ii)(A) of this section.

9 (c) Ban on interfering with, controlling, or otherwise directing the professional judgment
10 or clinical decisions of a licensee. Conduct prohibited pursuant to the provisions of this section
11 includes, but is not limited to, controlling, either directly or indirectly, through discipline,
12 punishment, threats, adverse employment actions, coercion, retaliation, or excessive pressure, the
13 following:

14 (1) The period of time a licensee may spend with a patient, including the time permitted
15 for a licensee to triage patients in the emergency department or evaluate admitted patients;

16 (2) The period of time within which a licensee shall discharge a patient;

17 (3) The clinical status of the patient, including whether the patient should be admitted to
18 inpatient status, whether the patient should be kept in observation status, whether the patient should
19 receive palliative care, and whether and where the patient should be referred upon discharge, such
20 as a skilled nursing facility;

21 (4) The diagnoses, diagnostic terminology, or codes that are entered into the medical record
22 by the licensee;

23 (5) The range of clinical orders available to licensees, including by configuring the medical
24 record to prohibit or significantly limit the options available to the licensee; and

25 (6) Any other action specified by regulation to constitute impermissible interference or
26 control over the clinical judgment and decision-making of a licensee.

27 **23-106-5. Enforcement.**

28 (a) Attorney general enforcement authority.

29 (1) The attorney general may subpoena any records necessary to enforce any provisions of
30 this chapter or to investigate suspected violations of any provisions of this chapter or any conditions
31 imposed by conditional approval pursuant to the material transactions review process.

32 (2) The attorney general may enforce any requirement of this chapter and any conditions
33 imposed by a conditional approval pursuant to the material transactions review process to the fullest
34 extent provided by law, including damages. In addition to any legal remedies the attorney general

1 may have, the attorney general shall be entitled to specific performance, injunctive relief, and other
2 equitable remedies a court deems appropriate for any violations or imminent violation of any
3 requirement of this chapter or any violations or breach of any of the conditions and shall be entitled
4 to recover its attorneys' fees and costs incurred in remedying each violation.

5 (3) The attorney general may also impose a statutory penalty of ten thousand dollars
6 (\$10,000) per day for any violation of this chapter or of any conditions imposed pursuant to a
7 conditional approval and may rescind or deny approval for any other past, pending, or future
8 material change transactions involving the healthcare entity or an affiliate.

9 (4) Nothing in this section shall narrow, abrogate, or otherwise alter the authority of the
10 attorney general to prosecute violations of antitrust or consumer protection requirements.

11 (b) Administrative enforcement.

12 (1) Any entity that violates any provision of this chapter or any rules adopted pursuant
13 thereto shall be subject to an administrative penalty of ten thousand dollars (\$10,000) per day for
14 any violation;

15 (2) The department of health engaged in market oversight may disapprove any transaction
16 or agreement that violates this chapter; and

17 (3) The department of health may refer any entity to the attorney general to review for
18 enforcement of any noncompliance with this chapter or regulations adopted pursuant thereto.

19 (c) Private right of action.

20 (1) Any person aggrieved by a violation of this statute may file suit in any superior court
21 in the state without regard to exhaustion of any alternative administrative remedies provided herein.

22 (2) Upon application by a complainant and in such circumstances as the court may deem
23 just, the court may appoint an attorney for such complainant and may authorize the commencement
24 of the action.

25 (3) If the court finds that the respondent has intentionally violated any provision of this
26 chapter or any regulation under this chapter, it may award damages up to and including an amount
27 equal to the amount of actual damages, or statutory damages of up to one hundred thousand dollars
28 (\$100,000) per plaintiff per violation, or other equitable relief.

29 (4) Any civil action brought under this section shall be subject to appeal.

30 (d) The attorney general and the department of health may adopt rules and regulations as
31 necessary to implement the provisions of this chapter.

32 CHAPTER 107

33 RHODE ISLAND TRANSPARENCY IN OWNERSHIP AND CONTROL OF HEALTHCARE

34 ENTITIES

1 **23-107-1. Reporting of ownership and control of healthcare entities.**

2 (a) Each healthcare entity shall report to the department of health, on or before January 1,
3 2027, and on or before January 1 annually thereafter, upon the consummation of a material change
4 transaction involving the entity as described in chapter 106 of title 23, in a form and manner
5 required by the department of health, with the following information:

6 (1) Legal name of entity;
7 (2) Business address of healthcare entity;
8 (3) Locations of operations;
9 (4) Business identification numbers of the entity, as applicable, including:
10 (i) Taxpayer identification number (TIN);
11 (ii) National provider identifier (NPI);
12 (iii) Employer identification number (EIN);
13 (iv) CMS certification number (CCN);
14 (v) National Association of Insurance Commissioners (NAIC) identification number;
15 (vi) A personal identification number associated with a license issued by the department of
16 insurance; and

17 (vii) Pharmacy benefit manager identification number associated with a license or
18 registration of the pharmacy benefit manager in this state.

19 (5) Name and contact information of a representative of the healthcare entity;
20 (6) The name, business address, and business identification numbers listed in subsection
21 (a)(4) of this section for each person or entity that, with respect to the relevant healthcare entity:

22 (i) Has an ownership or investment interest;
23 (ii) Has a controlling interest;
24 (iii) Is a management services organization; or
25 (iv) Is a significant equity investor;

26 (7) A current organizational chart showing the business structure of the healthcare entity,
27 including:

28 (i) Any entity listed in this section;
29 (ii) Affiliates, including entities that control or are under common control as the healthcare
30 entity; and

31 (iii) Subsidiaries.

32 (8) For a healthcare entity that is a provider organization or a healthcare facility:
33 (i) The affiliated healthcare providers identified by name, license type, specialty, NPI, and
34 other applicable Identification number listed in subsection (a)(4) of this section; the address of

1 principal practice location; and whether the healthcare provider is employed or contracted by the
2 entity; and

3 (ii) The name and address of affiliated healthcare facilities by license number, license type,
4 and capacity in each major service area.

5 (8) The names, NPI (if applicable), and compensation of the members of the governing
6 board, board of directors, or similar governance body for the healthcare entity; any entity that is
7 owned or controlled by, affiliated with, under common control as the healthcare entity, and any
8 entity listed in subsection (a)(5) of this section; and

9 (9) Comprehensive financial reports of the healthcare entity and any ownership and control
10 entities, including audited financial statements, cost reports, annual costs, annual receipts, realized
11 capital gains and losses, accumulated surplus, and accumulated reserves.

12 **23-107-2. Exemptions.**

13 The following healthcare entities are exempt from the reporting requirements under § 23-
14 107-1:

15 (1) A healthcare entity that is an independent provider organization, without any ownership
16 or control entities, consisting of two (2) or fewer physicians; provided, however, that if such
17 healthcare entity experiences a material change transaction under the provisions of chapter 106 of
18 title 23, the healthcare entity is subject to reporting under upon the consummation of the transaction.

19 (2) A healthcare provider or provider organization that is owned or controlled by another
20 healthcare entity, if the healthcare provider organization is shown in the organizational chart
21 submitted under § 23-107-1, and the controlling healthcare entity reports all the information
22 required under § 23-107-1 on behalf of the controlled or owned entity; provided, however, that
23 healthcare facilities are not subject to this exemption.

24 **23-107-3. Regulatory authorization.**

25 (a) The department of health shall promulgate rules and regulations necessary to implement
26 the provisions of this chapter, specify the format and content of reports, and impose penalties for
27 non-compliance. The department of health may require additional reporting of data or information
28 that it determines is necessary to better protect the public's interest in monitoring the financial
29 conditions, organizational structure, business practices, and market share of each registered
30 healthcare entity.

31 (b) The department of health may assess administrative fees on healthcare entities in an
32 amount to help defray the costs in overseeing and implementing the provisions of this chapter.

33 **23-107-4. Sharing of ownership information to improve transparency.**

34 (a) Information provided pursuant to the provisions of this chapter to be posted pursuant to

1 subsection (b) of this section shall be public information and shall not be considered confidential,
2 proprietary, or a trade secret; provided, however, that any individual healthcare provider's taxpayer
3 ID that is also their social security number shall be confidential.

4 (b) Not later than January 1, 2027, and annually on or before January 1 thereafter, the
5 department of health shall post on a publicly available website a report with respect to the previous
6 one year period, including:

7 (1) The number of healthcare entities reporting for such year, disaggregated by the business
8 structure of each specified entity;

9 (2) The names, addresses, business structure of any entities with an ownership or
10 controlling interest in each healthcare entity;

11 (3) Any change in ownership or control for each healthcare entity;

12 (4) Any change in the tax identification number of a healthcare entity;

13 (5) As applicable, the name, address, tax identification number, and business structure of
14 other affiliates under common control, subsidiaries, and management services entities of the
15 healthcare entity to include the business type and the tax identification number of each; and

16 (6) An analysis of trends in horizontal and vertical consolidation, disaggregated by business
17 structure and provider type.

18 (c) The department of health may share information reported under this chapter with the
19 attorney general, other state agencies, and other state officials, to reduce or avoid duplication in
20 reporting requirements or to facilitate oversight or enforcement pursuant to the laws of the state,
21 provided that any tax ID numbers that are individual Social Security numbers may be shared with
22 the attorney general, other state agencies, or other state officials that agree to maintain the
23 confidentiality of such information. The department of health may, in consultation with the relevant
24 state agencies, merge similar reporting requirements where appropriate.

25 **23-107-5. Enforcement.**

26 (a) Audit and inspection authority. The department of health is authorized to audit and
27 inspect the records of any healthcare entity that has failed to submit complete information pursuant
28 to this chapter or if the department of health has reason to question the accuracy or completeness
29 of the information submitted pursuant to this chapter.

30 (b) Random audits. The department of health shall conduct annual audits of a random
31 sample of healthcare entities to verify compliance with, accuracy and completeness of the reported
32 information pursuant to this chapter.

33 (c) Penalty for failure to report. If a healthcare entity fails to provide a complete report as
34 required under § 23-107-1, or submits a report containing false information, such entity shall be

1 subject to a civil penalty as follows:

2 (1) Healthcare entities consisting of independent healthcare providers or provider
3 organizations without any third-party ownership or control entities, with ten (10) or fewer
4 physicians or less than ten million dollars (\$10,000,000) in annual revenue, the penalty shall not
5 exceed fifty thousand dollars (\$50,000) for each report not provided or containing false
6 information.

7 (2) For all other healthcare entities, the penalty shall not exceed five hundred thousand
8 dollars (\$500,000) for each report not provided or containing false information.

9 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO HEALTH AND SAFETY -- RHODE ISLAND BAN ON THE CORPORATE
PRACTICE OF MEDICINE ACT

- 1 This act would establish the Rhode Island Ban on the Corporate Practice of Medicine Act,
- 2 and the Rhode Island transparency in ownership and control of healthcare facilities act. The act
- 3 would regulate the ownership of medical practices by unlicensed corporate and other business
- 4 entities and require reporting of ownership and control of healthcare facilities in the state.
- 5 This act would take effect upon passage.

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