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**SENATE BILL 5387**

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**State of Washington 69th Legislature 2025 Regular Session**

**By** Senators Robinson, Hasegawa, Liias, Nobles, Riccelli, Stanford, and Valdez

AN ACT Relating to the corporate practice of medicine; amending RCW 18.130.180 and 19.100.120; adding a new section to chapter 18.100 RCW; adding a new section to chapter 70.41 RCW; adding a new section to chapter 71.12 RCW; adding a new section to chapter 70.230 RCW; adding a new section to chapter 18.51 RCW; adding a new section to chapter 18.46 RCW; adding a new section to chapter 70.127 RCW; adding a new section to chapter 18.71 RCW; adding a new section to chapter 18.57 RCW; adding a new section to chapter 18.79 RCW; adding a new section to chapter 18.06 RCW; adding a new section to chapter 18.225 RCW; adding a new section to chapter 18.22 RCW; adding a new section to chapter 18.25 RCW; adding a new section to chapter 18.32 RCW; adding a new section to chapter 18.29 RCW; adding a new section to chapter 18.36A RCW; adding a new section to chapter 18.47 RCW; adding a new section to chapter 18.50 RCW; adding a new section to chapter 18.53 RCW; adding a new section to chapter 18.55 RCW; adding a new section to chapter 18.59 RCW; adding a new section to chapter 18.64 RCW; adding a new section to chapter 18.71A RCW; adding a new section to chapter 18.74 RCW; adding a new section to chapter 18.83 RCW; adding a new section to chapter 18.108 RCW; adding a new section to chapter 18.138 RCW; adding a new section to chapter 18.205 RCW; and adding a new section to chapter 18.290 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  A new section is added to chapter 18.100 RCW to read as follows:

(1) Except as permitted under this chapter and chapter 25.15 RCW, it is unlawful for an individual, corporation, partnership, or any other entity without a license to practice medicine, own a medical practice, employ licensed health care providers, or otherwise engage in the practice of medicine.

(2) In a professional service corporation organized under this chapter for the purpose of establishing a medical practice, health care providers licensed in this state must:

(a) Hold the majority of each class of shares that are entitled to vote;

(b) Be a majority of the directors; and

(c) Hold all officer positions in the corporation except for secretary and treasurer.

(3) Majority shareholders must exhibit meaningful ownership of a medical practice organized under this chapter by being present in the state and substantially engaged in delivering care and managing the practice.

(4) A shareholder, director, or officer of a medical practice organized under this chapter may not:

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

(b) Receive substantial compensation or remuneration from a management services organization in return for ownership or management of the medical practice;

(c) Transfer or relinquish control over the sale, the restriction of the sale, or the encumbrance of the sale of the medical practice's shares or assets;

(d) Transfer or relinquish control over the issuing of shares of stock in the medical practice, a subsidiary of the medical practice, or an entity affiliated with the medical practice, or the paying of dividends; or

(e) Enter into any financial arrangement in violation of chapter 19.68 RCW.

(5)(a) A shareholder, director, or officer of a medical practice organized under this chapter may not relinquish control over or otherwise transfer de facto control over any of the medical practice's administrative, business, or clinical operations that may affect clinical decision making or the nature or quality of medical care that the medical practice delivers by means of a contract or other agreement or arrangement; by providing in the medical practice's articles of incorporation or bylaws; by forming a subsidiary or affiliated entity; or by other means.

(b) Conduct prohibited under (a) of this subsection includes, but is not limited to, relinquishing decision making authority over:

(i) Hiring or terminating, setting work schedules and compensation, or otherwise specifying terms of employment of employees who are licensed to practice medicine in this state;

(ii) The disbursement of revenue generated from provider fees and other revenue generated by provider services;

(iii) Collaboration and negotiation with hospitals and other institutions with which a licensed health care provider employed by the medical practice may deliver clinical care, particularly with regard to controlling a provider's schedules as a means of discipline;

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

(v) Making diagnostic coding decisions;

(vi) Setting clinical standards or policies;

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

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

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

(6) This section does not apply to hospitals licensed under chapter 70.41 RCW, private establishments licensed under chapter 71.12 RCW, nursing homes licensed under chapter 18.51 RCW, ambulatory surgical facilities licensed under chapter 70.230 RCW, birthing centers licensed under chapter 18.46 RCW, hospice care centers licensed under chapter 70.127 RCW, or federally qualified health centers as defined in 42 U.S.C. Sec. 1396d.

(7) For the purposes of this section, "management services organization" means any organization or entity that contracts with a professional service corporation to perform management or administrative services relating to, supporting, or facilitating the provision of health care services.

NEW SECTION. **Sec.**  A new section is added to chapter 70.41 RCW to read as follows:

(1) No person without a license to practice medicine in this state, who is employed by, contracted with, or affiliated with a hospital licensed under this chapter, may interfere with, control, or otherwise direct the professional judgment or clinical decisions of a licensed health care provider employed by, affiliated with, or contracted with the hospital, who is providing care to a patient at the hospital.

(2) Conduct prohibited under this section includes, as applicable, but is not limited to, controlling, either directly or indirectly, through policy, discipline, punishment, threats, adverse employment actions, coercion, retaliation, or excessive pressure, any of the following:

(a) The period of time a provider may spend with a patient, including the time permitted for a health care provider to triage patients in the emergency department or evaluate admitted patients;

(b) The period of time within which a health care provider must discharge a patient;

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

(d) The diagnoses, diagnostic terminology, or codes that are entered into the medical record by the health care provider;

(e) The range of clinical orders available to a health care provider, including by configuring the medical record to prohibit or significantly limit the options available to the provider; or

(f) Any other action specified by rule to constitute impermissible interference or control over the clinical judgment and decision making of a health care provider related to the diagnosis and treatment of a patient.

NEW SECTION. **Sec.**  A new section is added to chapter 71.12 RCW to read as follows:

(1) No person without a license to practice medicine in this state, who is employed by, contracted with, or affiliated with a private establishment licensed under this chapter, may interfere with, control, or otherwise direct the professional judgment or clinical decision making of a licensed health care provider employed by, affiliated with, or contracted with the private establishment, who is providing care to a patient at the private establishment.

(2) Conduct prohibited under this section includes, as applicable, but is not limited to, controlling, either directly or indirectly, through policy, discipline, punishment, threats, adverse employment actions, coercion, retaliation, or excessive pressure, any of the following:

(a) The period of time a provider may spend with a patient, including the time permitted for a health care provider to triage patients in the emergency department or evaluate admitted patients;

(b) The period of time within which a health care provider must discharge a patient;

(c) The clinical status of the patient, including whether the patient should be admitted to inpatient status, whether the patient should be kept in observation status, whether the patient should receive palliative care, and whether and where the patient should be referred upon discharge;

(d) The diagnoses, diagnostic terminology, or codes that are entered into the medical record by the health care provider;

(e) The range of clinical orders available to a health care provider, including by configuring the medical record to prohibit or significantly limit the options available to the provider; or

(f) Any other action specified by rule to constitute impermissible interference or control over the clinical judgment and decision making of a health care provider related to the diagnosis and treatment of a patient.

NEW SECTION. **Sec.**  A new section is added to chapter 70.230 RCW to read as follows:

(1) No person without a license to practice medicine in this state, who is employed by, contracted with, or affiliated with an ambulatory surgical facility licensed under this chapter, may interfere with, control, or otherwise direct the professional judgment or clinical decision making of a licensed health care provider employed by, affiliated with, or contracted with the ambulatory surgical facility, who is providing care to a patient at the ambulatory surgical facility.

(2) Conduct prohibited under this section includes, as applicable, but is not limited to, controlling, either directly or indirectly, through policy, discipline, punishment, threats, adverse employment actions, coercion, retaliation, or excessive pressure, any of the following:

(a) The period of time a provider may spend with a patient;

(b) The period of time within which a health care provider must discharge a patient;

(c) The clinical status of the patient;

(d) The diagnoses, diagnostic terminology, or codes that are entered into the medical record by the health care provider;

(e) The range of clinical orders available to a health care provider, including by configuring the medical record to prohibit or significantly limit the options available to the provider; or

(f) Any other action specified by rule to constitute impermissible interference or control over the clinical judgment and decision making of a health care provider related to the diagnosis and treatment of a patient.

NEW SECTION. **Sec.**  A new section is added to chapter 18.51 RCW to read as follows:

(1) No person without a license to practice medicine in this state, who is employed by, contracted with, or affiliated with a nursing home licensed under this chapter, may interfere with, control, or otherwise direct the professional judgment or clinical decisions of a licensed health care provider employed by, affiliated with, or contracted with the nursing home, who is providing care to residents of the nursing home.

(2) Conduct prohibited under this section includes, but is not limited to, controlling or attempting to control decision making concerning the practice of medicine or the diagnosis and treatment of any patient, either directly or indirectly, through policy, discipline, punishment, threats, adverse employment actions, coercion, retaliation, or excessive pressure of any kind.

NEW SECTION. **Sec.**  A new section is added to chapter 18.46 RCW to read as follows:

(1) No person without a license to practice medicine in this state, who is employed by, contracted with, or affiliated with a birthing center licensed under this chapter, may interfere with, control, or otherwise direct the professional judgment or clinical decisions of a licensed health care provider employed by, affiliated with, or contracted with the birthing center, who is providing care to a patient in the birthing center.

(2) Conduct prohibited under this section includes, but is not limited to, controlling or attempting to control decision making concerning the practice of medicine or the diagnosis and treatment of any patient, either directly or indirectly, through policy, discipline, punishment, threats, adverse employment actions, coercion, retaliation, or excessive pressure of any kind.

NEW SECTION. **Sec.**  A new section is added to chapter 70.127 RCW to read as follows:

(1) No person without a license to practice medicine in this state, who is employed by, contracted with, or affiliated with a hospice agency licensed under this chapter, may interfere with, control, or otherwise direct the professional judgment or clinical decisions of a licensed health care provider employed by, affiliated with, or contracted with the hospice care agency, who is providing care to an individual in a hospice care center operated by the hospice agency.

(2) Conduct prohibited under this section includes, but is not limited to, controlling or attempting to control decision making concerning the practice of medicine or the diagnosis and treatment of any patient, either directly or indirectly, through policy, discipline, punishment, threats, adverse employment actions, coercion, retaliation, or excessive pressure of any kind.

**Sec.**  RCW 18.130.180 and 2024 c 220 s 2 are each amended to read as follows:

Except as provided in RCW 18.130.450, the following conduct, acts, or conditions constitute unprofessional conduct for any license holder under the jurisdiction of this chapter:

(1) The commission of any act involving moral turpitude, dishonesty, or corruption relating to the practice of the person's profession, whether the act constitutes a crime or not. If the act constitutes a crime, conviction in a criminal proceeding is not a condition precedent to disciplinary action. Upon such a conviction, however, the judgment and sentence is conclusive evidence at the ensuing disciplinary hearing of the guilt of the license holder of the crime described in the indictment or information, and of the person's violation of the statute on which it is based. For the purposes of this section, conviction includes all instances in which a plea of guilty or nolo contendere is the basis for the conviction and all proceedings in which the sentence has been deferred or suspended. Nothing in this section abrogates rights guaranteed under chapter 9.96A RCW;

(2) Misrepresentation or concealment of a material fact in obtaining a license or in reinstatement thereof;

(3) All advertising which is false, fraudulent, or misleading;

(4) Incompetence, negligence, or malpractice which results in injury to a patient or which creates an unreasonable risk that a patient may be harmed. The use of a nontraditional treatment by itself shall not constitute unprofessional conduct, provided that it does not result in injury to a patient or create an unreasonable risk that a patient may be harmed;

(5) Suspension, revocation, or restriction of the individual's license to practice any health care profession by competent authority in any state, federal, or foreign jurisdiction, a certified copy of the order, stipulation, or agreement being conclusive evidence of the revocation, suspension, or restriction;

(6) The possession, use, prescription for use, or distribution of controlled substances or legend drugs in any way other than for legitimate or therapeutic purposes, diversion of controlled substances or legend drugs, the violation of any drug law, or prescribing controlled substances for oneself;

(7) Violation of any state or federal statute or administrative rule regulating the profession in question, including any statute or rule defining or establishing standards of patient care or professional conduct or practice;

(8) Failure to cooperate with the disciplining authority by:

(a) Not furnishing any papers, documents, records, or other items;

(b) Not furnishing in writing a full and complete explanation covering the matter contained in the complaint filed with the disciplining authority;

(c) Not responding to subpoenas issued by the disciplining authority, whether or not the recipient of the subpoena is the accused in the proceeding; or

(d) Not providing reasonable and timely access for authorized representatives of the disciplining authority seeking to perform practice reviews at facilities utilized by the license holder;

(9) Failure to comply with an order issued by the disciplining authority or a stipulation for informal disposition entered into with the disciplining authority;

(10) Aiding or abetting an unlicensed person to practice when a license is required;

(11) Violations of rules established by any health agency;

(12) Practice beyond the scope of practice as defined by law or rule;

(13) Misrepresentation or fraud in any aspect of the conduct of the business or profession;

(14) Failure to adequately supervise auxiliary staff to the extent that the consumer's health or safety is at risk;

(15) Engaging in a profession involving contact with the public while suffering from a contagious or infectious disease involving serious risk to public health;

(16) Promotion for personal gain of any unnecessary or inefficacious drug, device, treatment, procedure, or service;

(17) Conviction of any gross misdemeanor or felony relating to the practice of the person's profession. For the purposes of this subsection, conviction includes all instances in which a plea of guilty or nolo contendere is the basis for conviction and all proceedings in which the sentence has been deferred or suspended. Nothing in this section abrogates rights guaranteed under chapter 9.96A RCW;

(18) The offering, undertaking, or agreeing to cure or treat disease by a secret method, procedure, treatment, or medicine, or the treating, operating, or prescribing for any health condition by a method, means, or procedure which the licensee refuses to divulge upon demand of the disciplining authority;

(19) The willful betrayal of a practitioner-patient privilege as recognized by law;

(20) Violation of chapter 19.68 RCW or a pattern of violations of RCW 41.05.700(8), 48.43.735(8), 48.49.020, 48.49.030, 71.24.335(8), or 74.09.325(8);

(21) Interference with an investigation or disciplinary proceeding by willful misrepresentation of facts before the disciplining authority or its authorized representative, or by the use of threats or harassment against any patient or witness to prevent them from providing evidence in a disciplinary proceeding or any other legal action, or by the use of financial inducements to any patient or witness to prevent or attempt to prevent him or her from providing evidence in a disciplinary proceeding;

(22) Current misuse of:

(a) Alcohol;

(b) Controlled substances; or

(c) Legend drugs;

(23) Abuse of a client or patient or sexual contact with a client or patient;

(24) Acceptance of more than a nominal gratuity, hospitality, or subsidy offered by a representative or vendor of medical or health-related products or services intended for patients, in contemplation of a sale or for use in research publishable in professional journals, where a conflict of interest is presented, as defined by rules of the disciplining authority, in consultation with the department, based on recognized professional ethical standards;

(25) Violation of RCW 18.130.420;

(26) Performing conversion therapy on a patient under age eighteen;

(27) Violation of any provision of sections 1 through 7 of this act;

(28) Violation of RCW 18.130.430;

((~~(28)~~)) (29) Violation of RCW 18.130.460; or

((~~(29)~~)) (30) Implanting the license holder's own gametes or reproductive material into a patient.

NEW SECTION. **Sec.**  A new section is added to chapter 18.71 RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the commission, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.57 RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the board, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.79 RCW to read as follows:

Upon application for a license or license renewal, an applicant for a registered nurse, advanced practice registered nurse, or licensed practical nurse license must attest, in a form and manner determined by the board, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.06 RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the secretary, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.225 RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the secretary, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.22 RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the board, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.25 RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the commission, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.32 RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the commission, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.29 RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the secretary, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.36A RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the board, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.47 RCW to read as follows:

Upon application for certification or certification renewal, an applicant must attest, in a form and manner determined by the secretary, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.50 RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the secretary, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.53 RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the board, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.55 RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the secretary, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.59 RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the board, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.64 RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the commission, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.71A RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the commission, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.74 RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the board, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.83 RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the board, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.108 RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the board, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.138 RCW to read as follows:

Upon application for certification or certification renewal, an applicant must attest, in a form and manner determined by the secretary, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.205 RCW to read as follows:

Upon application for certification or certification renewal, an applicant must attest, in a form and manner determined by the secretary, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 18.290 RCW to read as follows:

Upon application for a license or license renewal, an applicant must attest, in a form and manner determined by the secretary, that they are aware of regulations related to the corporate practice of medicine included in sections 1 through 7 of this act.

**Sec.**  RCW 19.100.120 and 2011 c 336 s 559 are each amended to read as follows:

The director may issue a stop order denying effectiveness to or suspending or revoking the effectiveness of any registration statement if he or she finds that the order is in the public interest and that:

(1) The registration statement as of its effective date, or as of any earlier date in the case of an order denying effectiveness, is incomplete in any material respect or contains any statement which was in the light of the circumstances under which it was made false or misleading with respect to any material fact;

(2) Any provision of this chapter or any rule or order or condition lawfully imposed under this chapter has been violated in connection with the offering by:

(a) The person filing the registration statement but only if such person is directly or indirectly controlled by or acting for the franchisor; or

(b) The franchisor, any partner, officer, or director of a franchisor, or any person occupying a similar status or performing similar functions or any person directly or indirectly controlling or controlled by the franchisor.

(3) The franchise offering registered or sought to be registered is the subject of a permanent or temporary injunction of any court of competent jurisdiction entered under any federal or state act applicable to the offering but the director may not:

(a) Institute a proceeding against an effective registration statement under this clause more than one year from the date of the injunctive relief thereon unless the injunction is thereafter violated; and

(b) Enter an order under this clause on the basis of an injunction entered under any other state act unless that order or injunction is based on facts that currently constitute a ground for stop order under this section;

(4) A franchisor's enterprise or method of business includes or would include activities which are illegal where performed, including but not limited to violations of section 1 of this act;

(5) The offering has worked or tended to work a fraud upon purchasers or would so operate;

(6) The applicant has failed to comply with any rule or order of the director issued pursuant to RCW 19.100.050.

(7) The applicant or registrant has failed to pay the proper registration fee but the director may enter only a denial order under this subsection and he or she shall vacate such order when the deficiency has been corrected.

**--- END ---**