
THIRD SUBSTITUTE SENATE BILL 5387

State of Washington

69th Legislature

2026 Regular Session

By Senate Ways & Means (originally sponsored by Senators Robinson, Hasegawa, Liiias, Nobles, Riccelli, Stanford, and Valdez)

READ FIRST TIME 02/09/26.

1 AN ACT Relating to the corporate practice of medicine; amending
2 RCW 18.130.180, 18.130.190, and 19.100.120; adding a new section to
3 chapter 18.100 RCW; adding a new section to chapter 70.41 RCW; adding
4 a new section to chapter 71.12 RCW; adding a new section to chapter
5 70.230 RCW; adding a new section to chapter 18.51 RCW; adding a new
6 section to chapter 18.46 RCW; adding a new section to chapter 70.127
7 RCW; adding a new section to chapter 18.134 RCW; adding a new section
8 to chapter 48.44 RCW; adding a new section to chapter 48.46 RCW;
9 adding a new section to chapter 18.130 RCW; adding a new section to
10 chapter 18.71 RCW; adding a new section to chapter 18.71B RCW; adding
11 a new section to chapter 18.57 RCW; adding a new section to chapter
12 18.79 RCW; adding a new section to chapter 18.36A RCW; adding a new
13 section to chapter 18.71A RCW; adding a new section to chapter 18.71C
14 RCW; and providing an effective date.

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

16 NEW SECTION. **Sec. 1.** A new section is added to chapter 18.100
17 RCW to read as follows:

18 (1) Except as permitted under this chapter and chapter 25.15 RCW,
19 it is unlawful for an individual, corporation, partnership, or any
20 other entity who is not a medical licensee to own a medical practice,

1 employ licensed health care providers, or otherwise engage the
2 practice of medicine.

3 (2) In a professional service corporation organized under this
4 chapter for the purpose of establishing a medical practice, medical
5 licensees must:

6 (a) Hold all shares of each class of shares that are entitled to
7 vote;

8 (b) Hold all director positions in the corporation; and

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

11 (3) Shareholders who are medical licensees must exhibit
12 meaningful ownership of a medical practice organized under this
13 chapter by being substantially engaged in delivering care or managing
14 the practice.

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

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

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

24 (iii) Transfer or relinquish control over the sale, the
25 restriction of the sale, or the encumbrance of the sale of the
26 medical practice's shares or assets, except to another medical
27 licensee;

28 (iv) Transfer or relinquish control over the issuing of shares of
29 stock in the medical practice, a subsidiary of the medical practice,
30 or an entity affiliated with the medical practice, or the paying of
31 dividends, except to another medical licensee; or

32 (v) Enter into any financial arrangement in violation of chapter
33 19.68 RCW.

34 (b) For the purposes of this subsection, "management services
35 organization" does not include any entity operating as a management
36 services organization that is wholly owned by a medical licensee or
37 medical licensees.

38 (5) (a) A shareholder who is a medical licensee of a medical
39 practice organized under this chapter may not, except to another
40 medical licensee, relinquish control over or otherwise transfer

1 control over any of the medical practice's administrative, business,
2 or clinical operations that affect clinical decision making or the
3 nature or quality of medical that the practice delivers by means of a
4 contract or other agreement or arrangement; by providing in the
5 practice's articles of incorporation or bylaws; by forming a
6 subsidiary or affiliated entity; or by other means.

7 (b) Nothing in this subsection shall be construed to limit the
8 ability of a shareholder who is a medical licensee from consulting or
9 collaborating with any person when developing policies or making
10 decisions that affect clinical decision making or the nature or
11 quality of health care provided by the practice, provided that the
12 ultimate decision is made by the medical licensee.

13 (6) This section does not apply to:

14 (a) Hospitals in this state licensed under chapter 70.41 RCW or
15 licensed by any other state;

16 (b) Any entity that directly or indirectly controls, is
17 controlled by, or is under common control with a hospital licensed in
18 this state under chapter 70.41 or 71.12 RCW or licensed by any other
19 state;

20 (c) Private establishments licensed under chapter 71.12 RCW;

21 (d) Nursing homes licensed under chapter 18.51 RCW;

22 (e) Ambulatory surgical facilities licensed under chapter 70.230
23 RCW;

24 (f) Birthing centers licensed under chapter 18.46 RCW;

25 (g) In-home services agencies licensed under chapter 70.127 RCW;

26 (h) Federally qualified health centers as defined in 42 U.S.C.
27 Sec. 1396d;

28 (i) A telemedicine-exclusive medical practice as defined in
29 section 8 of this act;

30 (j) Health maintenance organizations licensed under chapter 48.46
31 RCW; or

32 (k) Health care service contractors licensed under chapter 48.44
33 RCW that are organized as an integrated care delivery system that
34 delivers health care services on a prepaid basis.

35 (7) For the purposes of this section:

36 (a) "Management services organization" means any organization or
37 entity that contracts with a professional service corporation to
38 perform management or administrative services relating to,
39 supporting, or facilitating the provision of health care services.

1 (b) "Medical licensee" means a physician licensed under chapter
2 18.71 or 18.71B RCW, an osteopathic physician licensed under chapter
3 18.57 RCW, a physician assistant licensed under chapter 18.71A or
4 18.71C RCW, a naturopath licensed under chapter 18.36A RCW, or an
5 advanced registered nurse practitioner licensed under chapter 18.79
6 RCW.

7 (c) "Medical practice" means an entity organized for a medical
8 purpose.

9 (d) "Medical purpose" means:

10 (i) The purpose of practicing medicine as defined in RCW
11 18.71.011; or

12 (ii) The purpose of enabling physicians licensed under chapter
13 18.71 or 18.71B RCW, osteopathic physicians licensed under chapter
14 18.57 RCW, physician assistants licensed under chapter 18.71A or
15 18.71C RCW, naturopaths licensed under chapter 18.36A RCW, and
16 advanced registered nurse practitioners licensed under chapter 18.79
17 RCW to jointly render professional health care services.

18 NEW SECTION. **Sec. 2.** A new section is added to chapter 70.41
19 RCW to read as follows:

20 (1) No person other than a physician licensed under chapter 18.71
21 or 18.71B RCW, an osteopathic physician licensed under chapter 18.57
22 RCW, an advanced registered nurse practitioner licensed under chapter
23 18.79 RCW, or their designee who is a licensed health care provider,
24 who is employed by, contracted with, or affiliated with a hospital
25 licensed under this chapter, may interfere with, control, or
26 otherwise direct the professional judgment or ultimate clinical
27 decisions of a licensed health care provider employed by, affiliated
28 with, or contracted with the hospital, who is providing care to a
29 patient at the hospital, and who is acting within their scope of
30 practice.

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

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

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

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

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

8 (e) The range of clinical orders available to a health care
9 provider for services available at the facility or available through
10 referral to a provider outside the facility, including by configuring
11 the medical record to prohibit or significantly limit the options
12 available to the provider.

13 (3) Nothing in this section shall be construed to prohibit any
14 policy or requirement that:

15 (a) Is necessary for a health care provider or hospital to comply
16 with applicable state or federal laws, state or federal coding
17 guidelines, or third-party payor requirements, provided that those
18 requirements do not circumvent state or federal laws; or

19 (b) A health care provider or hospital must comply with for
20 purposes of credentialing, privileging, quality improvement, peer
21 review, action taken by a health care profession regulatory
22 authority, conditions set by the centers for medicare and medicaid
23 services, or the physician health program under chapter 18.71 RCW.

24 (4) For the purposes of this section, "licensed health care
25 provider" means a provider licensed under Title 18 RCW to provide
26 health care services to humans.

27 NEW SECTION. **Sec. 3.** A new section is added to chapter 71.12
28 RCW to read as follows:

29 (1) No person other than a physician licensed under chapter 18.71
30 or 18.71B RCW, an osteopathic physician licensed under chapter 18.57
31 RCW, an advanced registered nurse practitioner licensed under chapter
32 18.79 RCW, or their designee who is a licensed health care provider,
33 who is employed by, contracted with, or affiliated with a private
34 establishment licensed under this chapter, may interfere with,
35 control, or otherwise direct the professional judgment or ultimate
36 clinical decision making of a licensed health care provider employed
37 by, affiliated with, or contracted with the private establishment,
38 who is providing care to a patient at the private establishment, and
39 who is acting within their scope of practice.

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

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

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

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

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

17 (e) The range of clinical orders available to a health care
18 provider for services available at the facility or available through
19 referral to a provider outside the facility, including by configuring
20 the medical record to prohibit or significantly limit the options
21 available to the provider.

22 (3) Nothing in this section shall be construed to prohibit any
23 policy or requirement that:

24 (a) Is necessary for a health care provider or private
25 establishment to comply with applicable state or federal laws, state
26 or federal coding guidelines, or third-party payor requirements,
27 provided that those requirements do not circumvent state or federal
28 laws; or

29 (b) A health care provider or private establishment must comply
30 with for purposes of credentialing, privileging, quality improvement,
31 peer review, action taken by a health care profession regulatory
32 authority, conditions set by the centers for medicare and medicaid
33 services, or the physician health program under chapter 18.71 RCW.

34 (4) For the purposes of this section, "licensed health care
35 provider" means a provider licensed under Title 18 RCW to provide
36 health care services to humans.

37 NEW SECTION. **Sec. 4.** A new section is added to chapter 70.230
38 RCW to read as follows:

1 (1) No person other than a physician licensed under chapter 18.71
2 or 18.71B RCW, an osteopathic physician licensed under chapter 18.57
3 RCW, an advanced registered nurse practitioner licensed under chapter
4 18.79 RCW, or their designee who is a licensed health care provider,
5 who is employed by, contracted with, or affiliated with an ambulatory
6 surgical facility licensed under this chapter, may interfere with,
7 control, or otherwise direct the professional judgment or ultimate
8 clinical decision making of a licensed health care provider employed
9 by, affiliated with, or contracted with the ambulatory surgical
10 facility, who is providing care to a patient at the ambulatory
11 surgical facility, and who is acting within their scope of practice.

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

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

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

19 (c) The clinical status of the patient;

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

22 (e) The range of clinical orders available to a health care
23 provider for services available at the facility or available through
24 referral to a provider outside the facility, including by configuring
25 the medical record to prohibit or significantly limit the options
26 available to the provider.

27 (3) Nothing in this section shall be construed to prohibit any
28 policy or requirement that:

29 (a) Is necessary for a health care provider or ambulatory
30 surgical facility to comply with applicable state or federal laws,
31 state or federal coding guidelines, or third-party payor
32 requirements, provided that those requirements do not circumvent
33 state or federal laws; or

34 (b) A health care provider or ambulatory surgical facility must
35 comply with for purposes of credentialing, privileging, quality
36 improvement, peer review, action taken by a health care profession
37 regulatory authority, conditions set by the centers for medicare and
38 medicaid services, or the physician health program under chapter
39 18.71 RCW.

1 (4) For the purposes of this section, "licensed health care
2 provider" means a provider licensed under Title 18 RCW to provide
3 health care services to humans.

4 NEW SECTION. **Sec. 5.** A new section is added to chapter 18.51
5 RCW to read as follows:

6 (1) No person other than a physician licensed under chapter 18.71
7 or 18.71B RCW, an osteopathic physician licensed under chapter 18.57
8 RCW, an advanced registered nurse practitioner licensed under chapter
9 18.79 RCW, or their designee who is a licensed health care provider,
10 who is employed by, contracted with, or affiliated with a nursing
11 home licensed under this chapter, may interfere with, control, or
12 otherwise direct the professional judgment or ultimate clinical
13 decisions of a licensed health care provider employed by, affiliated
14 with, or contracted with the nursing home, who is providing care to
15 residents of the nursing home, and who is acting within their scope
16 of practice.

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

23 (3) Nothing in this section shall be construed to prohibit any
24 policy or requirement that:

25 (a) Is necessary for a health care provider or nursing home to
26 comply with applicable state or federal laws, state or federal coding
27 guidelines, or third-party payor requirements, provided that those
28 requirements do not circumvent state or federal laws; or

29 (b) A health care provider or nursing home must comply with for
30 purposes of credentialing, privileging, quality improvement, peer
31 review, action taken by a health care profession regulatory
32 authority, conditions set by the centers for medicare and medicaid
33 services, or the physician health program under chapter 18.71 RCW.

34 (4) For the purposes of this section, "licensed health care
35 provider" means a provider licensed under Title 18 RCW to provide
36 health care services to humans.

37 NEW SECTION. **Sec. 6.** A new section is added to chapter 18.46
38 RCW to read as follows:

1 (1) No person other than a physician licensed under chapter 18.71
2 or 18.71B RCW, an osteopathic physician licensed under chapter 18.57
3 RCW, an advanced registered nurse practitioner licensed under chapter
4 18.79 RCW, or their designee who is a licensed health care provider,
5 who is employed by, contracted with, or affiliated with a birthing
6 center licensed under this chapter, may interfere with, control, or
7 otherwise direct the professional judgment or ultimate clinical
8 decisions of a licensed health care provider employed by, affiliated
9 with, or contracted with the birthing center, who is providing care
10 to a patient in the birthing center, and who is acting within their
11 scope of practice.

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

18 (3) Nothing in this section shall be construed to prohibit any
19 policy or requirement that:

20 (a) Is necessary for a health care provider or birthing center to
21 comply with applicable state or federal laws, state or federal coding
22 guidelines, or third-party payor requirements, provided that those
23 requirements do not circumvent state or federal laws; or

24 (b) A health care provider or birthing center must comply with
25 for purposes of credentialing, privileging, quality improvement, peer
26 review, action taken by a health care profession regulatory
27 authority, conditions set by the centers for medicare and medicaid
28 services, or the physician health program under chapter 18.71 RCW.

29 (4) For the purposes of this section, "licensed health care
30 provider" means a provider licensed under Title 18 RCW to provide
31 health care services to humans.

32 NEW SECTION. **Sec. 7.** A new section is added to chapter 70.127
33 RCW to read as follows:

34 (1) No person other than a physician licensed under chapter 18.71
35 or 18.71B RCW, an osteopathic physician licensed under chapter 18.57
36 RCW, an advanced registered nurse practitioner licensed under chapter
37 18.79 RCW, or their designee who is a licensed health care provider,
38 who is employed by, contracted with, or affiliated with an in-home
39 care agency licensed under this chapter, may interfere with, control,

1 or otherwise direct the professional judgment or ultimate clinical
2 decisions of a licensed health care provider employed by, affiliated
3 with, or contracted with the in-home services agency, who is
4 providing in-home care to an individual or in a hospice care center
5 operated by the in-home services agency, and who is acting within
6 their scope of practice.

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

13 (3) Nothing in this section shall be construed to prohibit any
14 policy or requirement that:

15 (a) Is necessary for a health care provider or in-home care
16 agency to comply with applicable state or federal laws, state or
17 federal coding guidelines, or third-party payor requirements,
18 provided that those requirements do not circumvent state or federal
19 laws; or

20 (b) A health care provider or in-home care agency must comply
21 with for purposes of credentialing, privileging, quality improvement,
22 peer review, action taken by a health care profession regulatory
23 authority, conditions set by the centers for medicare and medicaid
24 services, or the physician health program under chapter 18.71 RCW.

25 (4) For the purposes of this section, "licensed health care
26 provider" means a provider licensed under Title 18 RCW to provide
27 health care services to humans.

28 NEW SECTION. **Sec. 8.** A new section is added to chapter 18.134
29 RCW to read as follows:

30 (1) No person other than a physician licensed under chapter 18.71
31 or 18.71B RCW, an osteopathic physician licensed under chapter 18.57
32 RCW, an advanced registered nurse practitioner licensed under chapter
33 18.79 RCW, or their designee who is a licensed health care provider,
34 who is employed by, contracted with, or affiliated with a
35 telemedicine-exclusive medical practice, may interfere with, control,
36 or otherwise direct the professional judgment or ultimate clinical
37 decisions of a licensed health care provider employed by, affiliated
38 with, or contracted with a telemedicine-exclusive medical practice,
39 and who is acting within their scope of practice.

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

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

6 (b) The provider's ability to recommend and refer the patient to
7 in-person treatment;

8 (c) The clinical status of the patient, including whether the
9 patient should be referred to another provider;

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

12 (e) The range of clinical orders available to a health care
13 provider for available services or available through referral to a
14 provider outside the practice, including by configuring the medical
15 record to prohibit or significantly limit the options available to
16 the provider.

17 (3) Nothing in this section shall be construed to prohibit any
18 policy or requirement that:

19 (a) Is necessary for a health care provider or telemedicine-
20 exclusive medical practice to comply with applicable state or federal
21 laws, state or federal coding guidelines, or third-party payor
22 requirements, provided that those requirements do not circumvent
23 state or federal laws; or

24 (b) A health care provider or telemedicine-exclusive medical
25 practice must comply with for purposes of credentialing, privileging,
26 quality improvement, peer review, action taken by a health care
27 profession regulatory authority, conditions set by the centers for
28 medicare and medicaid services, or the physician health program under
29 chapter 18.71 RCW.

30 (4) (a) The legislature finds that the practices covered by this
31 section are matters vitally affecting the public interest for the
32 purpose of applying the consumer protection act, chapter 19.86 RCW. A
33 violation of this chapter is not reasonable in relation to the
34 development and preservation of business and is an unfair or
35 deceptive act in trade or commerce and an unfair method of
36 competition for the purpose of applying the consumer protection act,
37 chapter 19.86 RCW.

38 (b) Enforcement for purposes of this section is exclusive to the
39 attorney general, pursuant to RCW 19.86.080.

40 (5) For the purposes of this section:

1 (a) "Licensed health care provider" means a provider licensed
2 under Title 18 RCW to provide health care services to humans.

3 (b) "Telemedicine-exclusive medical practice" means an entity
4 which engages with patients exclusively through telemedicine as
5 defined in RCW 70.41.020 and does not offer in-person health care
6 services.

7 NEW SECTION. **Sec. 9.** A new section is added to chapter 48.44
8 RCW to read as follows:

9 (1) No person other than a physician licensed under chapter 18.71
10 or 18.71B RCW, an osteopathic physician licensed under chapter 18.57
11 RCW, an advanced registered nurse practitioner licensed under chapter
12 18.79 RCW, or their designee who is a licensed health care provider,
13 who is employed by, contracted with, or affiliated with a health care
14 service contractor registered under this chapter that is organized as
15 an integrated care delivery system that delivers health care services
16 on a prepaid basis, may interfere with, control, or otherwise direct
17 the professional judgment or ultimate clinical decisions of a
18 licensed health care provider employed by, affiliated with, or
19 contracted with the health care service contractor, who is providing
20 care to a patient at a facility operated by the health care service
21 contractor, and who is acting within their scope of practice.

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

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

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

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

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

38 (e) The range of clinical orders available to a health care
39 provider for services available at the facility or available through

1 referral to a provider outside the facility, including by configuring
2 the medical record to prohibit or significantly limit the options
3 available to the provider.

4 (3) Nothing in this section shall be construed to prohibit any
5 policy or requirement that:

6 (a) Is necessary for a health care provider or health care
7 service contractor to comply with applicable state or federal laws,
8 state or federal coding guidelines, or third-party payor
9 requirements, provided that those requirements do not circumvent
10 state or federal laws; or

11 (b) A health care provider or health care service contractor must
12 comply with for purposes of credentialing, privileging, quality
13 improvement, peer review, action taken by a health care profession
14 regulatory authority, conditions set by the centers for medicare and
15 medicaid services, or the physician health program under chapter
16 18.71 RCW.

17 (4) For the purposes of this section, "licensed health care
18 provider" means a provider licensed under Title 18 RCW to provide
19 health care services to humans.

20 NEW SECTION. **Sec. 10.** A new section is added to chapter 48.46
21 RCW to read as follows:

22 (1) No person other than a physician licensed under chapter 18.71
23 or 18.71B RCW, an osteopathic physician licensed under chapter 18.57
24 RCW, an advanced registered nurse practitioner licensed under chapter
25 18.79 RCW, or their designee who is a licensed health care provider,
26 who is employed by, contracted with, or affiliated with a health
27 maintenance organization licensed under this chapter, may interfere
28 with, control, or otherwise direct the professional judgment or
29 ultimate clinical decisions of a licensed health care provider
30 employed by, affiliated with, or contracted with the health
31 maintenance organization, who is providing care to a patient at a
32 facility operated by the health maintenance organization, and who is
33 acting within their scope of practice.

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

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

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

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

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

13 (e) The range of clinical orders available to a health care
14 provider for services available at the facility or available through
15 referral to a provider outside the facility, including by configuring
16 the medical record to prohibit or significantly limit the options
17 available to the provider.

18 (3) Nothing in this section shall be construed to prohibit any
19 policy or requirement that:

20 (a) Is necessary for a health care provider or health maintenance
21 organization to comply with applicable state or federal laws, state
22 or federal coding guidelines, or third-party payor requirements,
23 provided that those requirements do not circumvent state or federal
24 laws; or

25 (b) A health care provider or health maintenance organization
26 must comply with for purposes of credentialing, privileging, quality
27 improvement, peer review, action taken by a health care profession
28 regulatory authority, conditions set by the centers for medicare and
29 medicaid services, or the physician health program under chapter
30 18.71 RCW.

31 (4) For the purposes of this section, "licensed health care
32 provider" means a provider licensed under Title 18 RCW to provide
33 health care services to humans.

34 NEW SECTION. **Sec. 11.** A new section is added to chapter 18.130
35 RCW to read as follows:

36 (1) A medical licensee, as defined in section 1 of this act, may
37 not:

1 (a) As a shareholder of a professional service corporation
2 organized under chapter 18.100 RCW for the purpose of establishing a
3 medical practice:

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

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

11 (iii) Transfer or relinquish control over the sale, the
12 restriction of the sale, or the encumbrance of the sale of the
13 medical practice's shares or assets, except to another medical
14 licensee;

15 (iv) Transfer or relinquish control over the issuing of shares of
16 stock in the medical practice, a subsidiary of the medical practice,
17 or an entity affiliated with the medical practice, or the paying of
18 dividends, except to another medical licensee;

19 (v) Enter into any financial arrangement in violation of chapter
20 19.68 RCW; or

21 (vi) Relinquish control over or otherwise transfer control over
22 any of the medical practice's administrative, business, or clinical
23 operations that affect clinical decision making or the nature or
24 quality of health care that the practice delivers by means of: A
25 contract or other agreement or arrangement; providing in the
26 practice's articles of incorporation or bylaws; forming a subsidiary
27 or affiliated entity; or other means; or

28 (b) As an employee, contractor, or affiliated provider with a
29 hospital licensed under chapter 70.41 RCW, private establishment
30 licensed under chapter 71.12 RCW, ambulatory surgical facility
31 licensed under chapter 70.230 RCW, nursing home licensed under
32 chapter 18.51 RCW, birthing center licensed under chapter 18.46 RCW,
33 in-home care agency licensed under chapter 70.127 RCW, telemedicine-
34 exclusive medical practice as defined section 8 of this act, health
35 care service contractor registered under chapter 48.44 RCW, or health
36 maintenance organization licensed under chapter 48.46 RCW, relinquish
37 control over their ultimate clinical decision making when providing
38 care to a patient of the hospital, private establishment, ambulatory
39 surgical facility, nursing home, birthing center, in-home care
40 agency, telemedicine-exclusive medical practice, health care service

1 contractor, or health maintenance organization, to anyone other than
2 as permitted in sections 2 through 10 of this act.

3 (2) For the purposes of this section, "management services
4 organization" has the same meaning as in section 1 of this act,
5 except that it does not include a management services organization
6 that is wholly owned by a medical licensee or medical licensees.

7 **Sec. 12.** RCW 18.130.180 and 2025 c 389 s 4 are each amended to
8 read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (17) Conviction of any gross misdemeanor or felony relating to
40 the practice of the person's profession. For the purposes of this

1 subsection, conviction includes all instances in which a plea of
2 guilty or nolo contendere is the basis for conviction and all
3 proceedings in which the sentence has been deferred or suspended.
4 Nothing in this section abrogates rights guaranteed under chapter
5 9.96A RCW;

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

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

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

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

24 (22) Current misuse of:

25 (a) Alcohol;

26 (b) Controlled substances; or

27 (c) Legend drugs;

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

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

37 (25) Violation of RCW 18.130.420;

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

40 (27) Violation of RCW 18.130.430;

1 (28) Violation of RCW 18.130.460;
2 (29) Violation of section 11 of this act;
3 (30) Violation of RCW 48.43.732; or
4 ~~((+30))~~ (31) Implanting the license holder's own gametes or
5 reproductive material into a patient.

6 **Sec. 13.** RCW 18.130.190 and 2003 c 53 s 141 are each amended to
7 read as follows:

8 (1) The secretary shall investigate complaints concerning
9 practice by unlicensed persons of a profession or business for which
10 a license is required by the chapters specified in RCW 18.130.040
11 including, but not limited to, a violation of section 1 of this act.
12 In the investigation of the complaints, the secretary shall have the
13 same authority as provided the secretary under RCW 18.130.050.

14 (2) The secretary may issue a notice of intention to issue a
15 cease and desist order to any person whom the secretary has reason to
16 believe is engaged in the unlicensed practice of a profession or
17 business for which a license is required by the chapters specified in
18 RCW 18.130.040. The person to whom such notice is issued may request
19 an adjudicative proceeding to contest the charges. The request for
20 hearing must be filed within twenty days after service of the notice
21 of intention to issue a cease and desist order. The failure to
22 request a hearing constitutes a default, whereupon the secretary may
23 enter a permanent cease and desist order, which may include a civil
24 fine. All proceedings shall be conducted in accordance with chapter
25 34.05 RCW.

26 (3) If the secretary makes a final determination that a person
27 has engaged or is engaging in unlicensed practice, the secretary may
28 issue a cease and desist order. In addition, the secretary may impose
29 a civil fine in an amount not exceeding one thousand dollars for each
30 day upon which the person engaged in unlicensed practice of a
31 business or profession for which a license is required by one or more
32 of the chapters specified in RCW 18.130.040. The proceeds of such
33 fines shall be deposited to the health professions account.

34 (4) If the secretary makes a written finding of fact that the
35 public interest will be irreparably harmed by delay in issuing an
36 order, the secretary may issue a temporary cease and desist order.
37 The person receiving a temporary cease and desist order shall be
38 provided an opportunity for a prompt hearing. The temporary cease and
39 desist order shall remain in effect until further order of the

1 secretary. The failure to request a prompt or regularly scheduled
2 hearing constitutes a default, whereupon the secretary may enter a
3 permanent cease and desist order, which may include a civil fine.

4 (5) Neither the issuance of a cease and desist order nor payment
5 of a civil fine shall relieve the person so practicing or operating a
6 business without a license from criminal prosecution therefor, but
7 the remedy of a cease and desist order or civil fine shall be in
8 addition to any criminal liability. The cease and desist order is
9 conclusive proof of unlicensed practice and may be enforced under RCW
10 7.21.060. This method of enforcement of the cease and desist order or
11 civil fine may be used in addition to, or as an alternative to, any
12 provisions for enforcement of agency orders set out in chapter 34.05
13 RCW.

14 (6) The attorney general, a county prosecuting attorney, the
15 secretary, a board, or any person may in accordance with the laws of
16 this state governing injunctions, maintain an action in the name of
17 this state to enjoin any person practicing a profession or business
18 for which a license is required by the chapters specified in RCW
19 18.130.040 without a license from engaging in such practice or
20 operating such business until the required license is secured.
21 However, the injunction shall not relieve the person so practicing or
22 operating a business without a license from criminal prosecution
23 therefor, but the remedy by injunction shall be in addition to any
24 criminal liability.

25 (7)(a) Unlicensed practice of a profession or operating a
26 business for which a license is required by the chapters specified in
27 RCW 18.130.040, unless otherwise exempted by law, constitutes a gross
28 misdemeanor for a single violation.

29 (b) Each subsequent violation, whether alleged in the same or in
30 subsequent prosecutions, is a class C felony punishable according to
31 chapter 9A.20 RCW.

32 (8) All fees, fines, forfeitures, and penalties collected or
33 assessed by a court because of a violation of this section shall be
34 remitted to the health professions account.

35 NEW SECTION. **Sec. 14.** A new section is added to chapter 18.71
36 RCW to read as follows:

37 Upon application for a license or license renewal, an applicant
38 must attest, in a form and manner determined by the commission, that

1 they are aware of regulations related to the corporate practice of
2 medicine included in sections 1 through 11 of this act.

3 NEW SECTION. **Sec. 15.** A new section is added to chapter 18.71B
4 RCW to read as follows:

5 Upon application for a license or license renewal, an applicant
6 must attest, in a form and manner determined by the commission, that
7 they are aware of regulations related to the corporate practice of
8 medicine included in sections 1 through 11 of this act.

9 NEW SECTION. **Sec. 16.** A new section is added to chapter 18.57
10 RCW to read as follows:

11 Upon application for a license or license renewal, an applicant
12 must attest, in a form and manner determined by the board, that they
13 are aware of regulations related to the corporate practice of
14 medicine included in sections 1 through 11 of this act.

15 NEW SECTION. **Sec. 17.** A new section is added to chapter 18.79
16 RCW to read as follows:

17 Upon application for a license or license renewal, an applicant
18 for an advanced practice registered nurse license must attest, in a
19 form and manner determined by the board, that they are aware of
20 regulations related to the corporate practice of medicine included in
21 sections 1 through 11 of this act.

22 NEW SECTION. **Sec. 18.** A new section is added to chapter 18.36A
23 RCW to read as follows:

24 Upon application for a license or license renewal, an applicant
25 must attest, in a form and manner determined by the board, that they
26 are aware of regulations related to the corporate practice of
27 medicine included in sections 1 through 11 of this act.

28 NEW SECTION. **Sec. 19.** A new section is added to chapter 18.71A
29 RCW to read as follows:

30 Upon application for a license or license renewal, an applicant
31 must attest, in a form and manner determined by the commission, that
32 they are aware of regulations related to the corporate practice of
33 medicine included in sections 1 through 11 of this act.

1 NEW SECTION. **Sec. 20.** A new section is added to chapter 18.71C
2 RCW to read as follows:

3 Upon application for a license or license renewal, an applicant
4 must attest, in a form and manner determined by the commission, that
5 they are aware of regulations related to the corporate practice of
6 medicine included in sections 1 through 11 of this act.

7 **Sec. 21.** RCW 19.100.120 and 2011 c 336 s 559 are each amended to
8 read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

12 NEW SECTION. **Sec. 22.** This act takes effect January 1, 2028.

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