

Federal Bill Targeting MSO and Friendly Physician Structures: A Federal CPOM Framework on the Horizon?

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On September 16, 2026, Democratic lawmakers introduced H.R. 10444, the Stop Corporate Takeovers of Physicians Act (the Act). The bill would sharply restrict management services organization (MSO) and “friendly physician” structures involved in many physician practices across the country. As the first federal corporate practice of medicine (CPOM) framework, the bill signals that regulators are looking past formal ownership and asking who actually controls a medical practice.



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What the Act Would Do

Many states prohibit general business corporations from practicing medicine or employing physicians directly. PC-MSO models were developed as a workaround: a physician-owned professional corporation (PC) employs the clinicians, while a management services organization (MSO) provides administrative support. The Act would restrict these arrangements. Subject to limited exceptions, entities not majority owned and controlled by licensed practitioners could not own or control medical practices, in whole or in part.

Notably, the bill also prohibits “de facto control” by an MSO. Under the Act, an MSO exercising ultimate decision-making authority over staffing, compensation, schedules, clinic policies, revenue disbursement, billing, pricing and payer contracting is evidence of impermissible control. Under the Act, PC-MSO agreements would have to be negotiated at arm’s length through counsel chosen by the practice and pay fair market value for the MSO’s services. Noncompliant agreements could be void. The Act would also prohibit advertising under another entity’s name and would invalidate non-compete, non-disclosure and non-disparagement agreements binding licensed practitioners, with a limited exception for non-competes between a medical practice and a licensed practitioner who owns or controls at least 25% of the practice.

Not-for-profit providers, hospitals and hospital-affiliated clinics, critical access hospitals and rural emergency hospitals are excluded from many of the Act’s proposed restrictions.

Enforcement

- The Act would be enforced on multiple fronts:
- The Federal Trade Commission could enforce it.
 - State attorneys general could sue on behalf of residents.
 - Injured persons would have a private right of action with potential treble damages and attorneys’ fees.
 - Courts could order divestiture and disgorgement.
 - Violations could be grounds for exclusion from federal healthcare programs, including Medicare and Medicaid.

New York Connection

The Act sets a federal floor but would not preempt more stringent state laws. New York already has its own CPOM framework: only professional corporations, university faculty practice corporations, licensed healthcare facilities and similar entities may practice medicine; professional corporations, partnerships and limited liability companies practicing medicine must all be owned by licensed physicians; and fee-splitting arrangements between physicians and unlicensed persons or entities are prohibited. New York’s Public Health Law Article

45-A, which requires advance notice to the Department of Health (DOH) for certain material transactions, also provides additional oversight of changes in control of entities providing healthcare services in New York.

What It Means for Industry Stakeholders

The bill’s prospects are uncertain, and no changes are required now. However, the standard for friendly PC-MSO models is becoming more

demanding. Practices, MSOs and investors should review the following items for provisions that could be seen as giving operational or clinical control to an MSO or similar type of entity:

- Management agreements
- Governance rights and equity-transfer restrictions
- Provider employment arrangements
- Billing and coding oversight
- Payer-contracting authority

The review should also cover how decisions are actually made, not just what the documents say, since the Act would also prohibit certain “de facto control” exercised by MSOs.

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