

Oregon CPOM Law Faces Early Review in Eugene Emergency Physicians v. PeaceHealth

May 13, 2026 – Dorsey Health Law

by Randall Hanson, Jamie McCarty, and Sumner Pitt

Oregon's sweeping new corporate practice of medicine ("CPOM") law, Senate Bill 951 ("SB 951"), has already faced its first major courtroom test.

As discussed in our prior [post](#), SB 951 significantly expands Oregon's restrictions on healthcare management services organization ("MSO") structures and so-called "friendly PC" models. Among other things, SB 951 limits overlapping MSO/PC ownership, control, or employment and traditional friendly PC governance arrangements between MSOs and physician practices, restricts operational control by non-clinicians, and creates private enforcement rights allowing physicians to challenge allegedly unlawful arrangements. Most provisions applicable to new friendly PC arrangements took effect on January 1, 2026, while certain existing Oregon organizations have until 2029 to comply.

This new legal framework is now at the center of *Eugene Emergency Physicians, P.C. v. PeaceHealth*.

The dispute arose after PeaceHealth announced in March 2026 that it would not renew its long-standing emergency department staffing arrangement with Eugene Emergency Physicians ("EEP"), a local physician-owned group. Instead would transition services to ApolloMD, a national emergency medicine management company. EEP filed suit shortly thereafter against PeaceHealth, ApolloMD, ApolloMD Business Services, and Lane Emergency Physicians LLC (the friendly medical practice managed by ApolloMD in Oregon), seeking a preliminary injunction blocking the transition.

According to the complaint and preliminary injunction filings, EEP alleged that the proposed structure utilized by ApolloMD violates SB 951 and Oregon's CPOM doctrine by authorizing impermissible corporate control over a professional medical practice through a friendly PC arrangement.

The litigation quickly attracted significant attention in Oregon and nationally, in part because it appears to be the first private enforcement action brought under SB 951, which itself is arguably the strictest CPOM law in the country. During preliminary

Related People

- Randall Hanson
- Jamie McCarty
- Sumner Pitt

Related Capabilities

- Healthcare & Life Sciences
- Healthcare Transactions & Regulations
- Healthcare Litigation
- Medical Devices

injunction proceedings held in early May 2026, the federal court expressed skepticism regarding aspects of the defendants' testimony and operational structure, with the presiding judge stating that certain ApolloMD officials had been "dishonest under oath." Reportedly, the court called into question ApolloMD's reference to a "playbook" they had for emergency room staffing, suggesting that ApolloMD was practically functioning as the clinical staffing shot-caller and Lane Emergency Physicians was only established to shield liability.

Before the court issued a ruling on the injunction request, however, the parties privately reached a settlement. PeaceHealth subsequently announced plans to renew its relationship with EEP rather than proceed with the ApolloMD transition.

Although the case did not produce a merits ruling interpreting SB 951, the litigation underscores several key points for healthcare investors, MSOs, hospitals, and physician groups operating in Oregon:

- Oregon stakeholders appear willing to aggressively test and enforce SB 951;
- Traditional friendly PC structures may face increased scrutiny under Oregon law; and
- Courts and regulators are likely to focus on operational realities, not merely formal ownership documents, when evaluating CPOM compliance.

Healthcare organizations with Oregon operations should continue reviewing governance arrangements, management agreements, compensation structures, and operational control provisions in light of SB 951's broad restrictions and evolving enforcement landscape.

Please contact the authors or your regular Dorsey attorney with any questions about how these restrictions could affect your current business model or any contemplated transactions.