

April 1, 2026

The Honorable Melissa Murray, Chair
Seante Health and Human Services Committee
Rhode Island General Assembly

Re: SB 2459 – Ban on Corporate Practice of Medicine

Dear Chair Murray and members of the Committee:

TechNet is the national, bipartisan network of technology companies that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet’s diverse membership includes 100 dynamic American businesses ranging from startups to the most iconic companies on the planet and represents five million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, and finance.

Physical Presence Requirement

The in-state physical presence requirement for majority owners of a medical practice presents significant structural and operational challenges for telehealth organizations. Telehealth organizations are intentionally designed to deliver care across state lines, leveraging technology to connect licensed Rhode Island providers with patients regardless of geographic location.

Requiring majority owners to be physically “present in the state” assumes a brick-and-mortar, single-state practice model. Telehealth entities, by contrast, operate multi-state provider networks; employ physicians licensed in multiple jurisdictions; and deliver care virtually rather than from a fixed in-state office. A physical presence requirement effectively forces a digital-first organization into a geographically constrained ownership model that does not align with how telemedicine functions and may ultimately lead to a restriction on access to care for Rhode Island patients should a telemedicine organization no longer be able to comply with this restrictive geographic requirement.

To be clear, telehealth providers who are offering care in Rhode Island and owners of Rhode Island medical groups must be appropriately licensed and in good standing with the applicable Rhode Island professional licensure boards; must follow all applicable Rhode Island scope of practice laws; maintain malpractice coverage per Rhode Island law; and is subject to Rhode Island laws and Board oversight.

A physical presence mandate introduces significant uncertainty and compliance risks for telehealth organizations which may ultimately deter investment, discourage expansion into the state, and arbitrarily restrict access to care for Rhode Island patients.

TechNet suggests that the language be amended to exclude telemedicine-exclusive organizations. The first-in-the-nation Oregon corporate practice of medicine legislation included such an exemption, stating that the section does not apply to "an entity that is engaged in the practice of telemedicine and does not have a physical location where patients receive clinical services in this state other than a physical location that would be necessary to comply with 21 USC 829(e)."

Ban on Stock Restriction Agreements

A ban on stock-restriction agreements presents serious structural, governance, and compliance challenges for telehealth organizations - particularly those operating in multi-state environments. Stock-restriction agreements are often put into place to ensure that non-physicians cannot gain direct or indirect control over the medical group; ensure clinical standards; ensure that physicians retain majority ownership; and to prevent ownership from transferring shares to unqualified or disqualified individuals. If the legislature wants to preserve this ban, TechNet recommends that the Committee include language from Oregon legislation to clarify when a stock restriction agreement is acceptable. Specifically, the language states:

Conditions under which a professional medical entity may enter into an agreement to control or restrict a transfer or sale of the professional medical entity's stock, interest or assets include:

(A) The suspension or revocation of a shareholder's or member's professional license in this or another state if the shareholder or member is a medical licensee;

(B) A shareholder's or member's disqualification from holding stock or an interest in the professional medical entity;

(C) A shareholder's or member's exclusion, debarment or suspension from a federal health care program or an investigation that could result in the shareholder's or member's exclusion, debarment or suspension if the shareholder or member is a medical licensee;

(D) A shareholder's or member's indictment for a felony or another crime that involves fraud or moral turpitude;

(E) The professional medical entity's breach of a contract for management services with a management services organization; or

(F) The death, disability or permanent incapacity of a shareholder or member who is a medical licensee.

Ban on Advertising

TechNet members also raised concerns about the ban on advertising in subsection (e). While we believe the intent is to ensure consumers understand which party they are dealing with, the language as filed presents significant logistical and compliance issues. TechNet is eager to work with the Committee to develop alternatives that ensure transparency in advertising without putting unnecessary barriers between Rhode Islanders and their healthcare.

Private Right of Action

TechNet members oppose the enforcement of the legislation via a private right of action, which could expose well-meaning businesses to potentially ruinous legal liability for perceived violations. Actions under such a standard offer little relief to consumers and virtually exclusively benefit the plaintiff's bar, all while chilling innovation in the state.

Sincerely,



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