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US State Regulatory Spotlight on Healthcare Transactions: Reflections From 2024

State-level oversight of M&A and other strategic transactions involving healthcare is continuing to expand into new markets and impact growth strategies.

The interest and need for healthcare services transactions in the United States continues, as providers, payors, investors, and others develop and adapt to new delivery models aimed at addressing systemic problems related to access, quality, outcomes, competition, and cost. New collaborations between providers, payors, and strategic partners, along with access to private capital, have, in significant part, driven the reconfiguration.

Over the last 15 years, the US antitrust regulatory landscape has evolved dramatically, with heightened federal government attention on merger activity in the healthcare space. Recently, this scrutiny has led to an expansion in state-level regulatory oversight of healthcare mergers and acquisitions, joint ventures, and other strategic transactions. This progression of heightened regulatory oversight has persisted in 2024 and is expected to continue.

States have enacted or considered statutes broadly aimed at assessing and regulating transactional impacts on healthcare accessibility, quality, cost, and equity, as well as the role of private equity, venture capital, REITs, and management services organizations. (Some of the proposed statutes, including some that were particularly broad or far-reaching, failed to pass in their state's legislative sessions.)

In addition, this year we saw previously enacted legislation take effect, the publication of additional guidance on existing laws, and new legislative efforts in states that did not previously have specific regulatory regimes for healthcare transactions.

This Client Alert provides key takeaways, analysis, and action items for investors, providers, payors, and other stakeholders, as well as an Appendix detailing enacted and pending legislative and regulatory developments nationwide. We note that this is a very dynamic area of policy and law and, as such, this summary reflects merely a snapshot in time.

Key Takeaways

- States have continued to expand oversight to encompass more types and sizes of healthcare services transactions.
- Regulatory reviews focus on assessing potential impacts on the market and competition related to access, quality, cost, and equity of healthcare.
- Required disclosures extend beyond basic transaction details, sometimes including projections and forecasts regarding future impacts resulting from the transaction.
- Details of the review processes are still pending in some instances, but will likely build upon existing review frameworks (e.g., Hart-Scott-Rodino Act (HSR),¹ nonprofit health system AG reviews, certificate of need/exemption reviews, licensure change-of-control reviews) and raise concerns around state resource capacity for effective, timely reviews.
- Competitors, customers, and other stakeholders may leverage the review process to foment opposition during public hearings.
- Reviews may be independent of deal structure due to the broad capture of many of the new regulatory regimes. However, we expect this breadth to be refined as the new regulatory regimes mature and note that legal challenges are also possible.
- Some review processes mandate or encourage notifying other relevant agencies about the pending transaction, potentially leading to execution challenges due to increased coordination.
- Longer pre-closing review periods, increased disclosure requirements, and potential public hearings will extend deal timelines, raising execution costs and risks to parties.

What Transactions Are Covered?

This year's legislative efforts have largely mirrored the transaction types seen in 2023. This continued era in healthcare extends review beyond traditional boundaries, mandating scrutiny for transactions involving nearly any form of healthcare services, including management services organizations. In certain states, regulated entities exceed those providing medical care and include other types of healthcare, including physical therapy and dental care.

Reflecting trends identified in 2023, this framework is not confined to traditional mergers and acquisitions. Instead, any "material transactions," such as minority ownership changes, joint ventures, collaboration agreements, and certain commercial arrangements, may require review. Additionally, the new regulatory regimes significantly lower the thresholds for transaction size and participant size (compared to existing HSR review thresholds), with reduced limits defined by the number of providers or the volume of in-state revenues or projected increases in revenue.

What Do the Review Processes Look Like?

Many of the reform proposals in 2024 have focused on policy objectives and outline basic review standards, timing requirements, and necessary submissions. Regulatory agencies are expanding their authorities and advancing administrative rules, regulations, and guidance; as a result, enforcement frameworks are being developed in real time through agency interpretation of nascent requirements.

Given the content of the reform proposals and the trends over the last year, companies can anticipate that the review processes will share several common features, including:

- longer post-signing and pre-closing review periods due to required pre-closing submissions and clearance processes;
- low thresholds for transaction review that fall well below existing federal antitrust review standards;
- enhanced disclosure obligations regarding the parties' financing sources, general financial conditions, key operational matters, and anticipated operational changes;
- detailed impact analysis on local markets, care access and quality, and mitigation of potential negative community impacts;
- public notice and hearings; and
- approval conditions and post-closing oversight with continued monitoring and reporting requirements.

Which Legislative Efforts Did Not Gain Traction in 2024?

In addition to the legislative proposals that were generally in line with other state transaction review laws, a handful of states introduced significantly broader bills in 2024 that ultimately did not pass their respective legislative sessions. For example, proposed Massachusetts legislation would have imposed significant restrictions on private equity investments in provider organizations and enhanced the Health Policy Commission's oversight of transactions; however, the Massachusetts legislative chambers were not able to reconcile their competing versions of the healthcare reform bill prior to the end of the legislative session. Efforts also stalled in California when Governor Gavin Newsom vetoed a state assembly bill that would have created enhanced oversight of transactions involving private equity groups and hedge funds. Although these bills were not enacted, we anticipate renewed legislative efforts in the next year.

Action Items

Implementation of new state-level review regimes is ongoing, and transactions will need to be structured to address this dynamic environment. Investors, provider organizations, and other stakeholders can take a number of steps to help navigate the antitrust regulatory landscape:

- **Articulate and consistently advance the transaction's value for the healthcare system and consumers** (which can manifest in several ways) alongside your value proposition.
- **Adjust existing investment models and acquisition playbooks** to anticipate longer transaction timelines, increased deal expense, and potential operational changes that may be required to obtain state transaction approval.
- **Apply best-in-class antitrust protocols and similar policies early and often** for all strategic transaction evaluations and communications, and engage antitrust counsel early to ensure coordination across reviews.
- **Augment company awareness training** for the corporate strategy, business development, and integration teams.

- **Reevaluate existing affiliation models and compliance infrastructure** to ensure the company is using best-in-class approaches with appropriate sensitivity to state idiosyncrasies.
- **Consider how transaction documents will allocate the costs and risks of review** (i.e., closing conditions, interim operating covenants, regulatory review covenants, and termination rights).
- **Consider transaction financing implications** (e.g., longer regulatory review and approval processes may necessitate longer, and potentially more expensive, third-party financing commitments than were previously required).
- **Consider deepening industry group involvement** to stay aware of current developments and opportunities to interface with the policymakers considering new legislative proposals.

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[US State Regulatory Spotlight on Healthcare Transactions](#)

[FTC Adopts Major Changes to HSR Merger Notification Form](#)

[US Regulators Announce Inquiry Into Healthcare Consolidation](#)

[Healthcare & Life Sciences Market Update — April 2024](#)

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Endnotes

¹ Notably, on October 10, 2024, the Federal Trade Commission (FTC) and the Department of Justice (DOJ) approved new requirements for reporting M&A transactions under the Hart-Scott-Rodino (HSR) Act. These new rules significantly expand the amount of information parties must submit to the agencies and are expected to take effect in mid-January 2025. For more information, see our Client Alert [FTC Adopts Major Changes to the HSR Merger Notification Form](#).

CALIFORNIA

California Health Care Quality and Affordability Act

(CAL. HEALTH & SAFETY CODE § 127500)

Status: Enacted**Effective April 1, 2024****Final Regulations Published December 18, 2023; Amended August 22, 2024**

Regulating Authority	California Office of Health Care Affordability (OHCA)
Purpose	To increase transparency of mergers, acquisitions, and corporate affiliations that may impact market competition and affordability. The law grants OHCA broad authority to investigate anti-competitive consolidation among healthcare entities, which the California legislature has identified as a primary driver of escalating healthcare costs in the state.
Impacted Transactions	<ul style="list-style-type: none"> • Merger, acquisition, affiliation, or agreement involving a transfer of a material amount of assets or transfer of control, responsibility, governance, or operations • Transfer of assets includes sale, transfer, lease, exchange, option, encumbrance, conveyance, or disposition
Impacted Healthcare Entities	<p>Includes transactions involving any:</p> <ul style="list-style-type: none"> • Ambulatory surgical center • Clinical laboratory • Community clinic • Specialty clinic • Healthcare service plan • Health insurer or affiliates acting on behalf of a health insurer • Health system • Hospice facility • Intermediate care facility • Hospital • Hospital outpatient clinic • Imaging center • Medical foundation • Pharmacy benefit manager • Physician practice with at least 25 physicians or otherwise considered “high-cost outliers” • Risk-bearing organization • Skilled nursing facility • Third-party administrator
Excluded Transactions / Materiality Threshold	<p>Transactions already subject to review,* including those involving:</p> <ul style="list-style-type: none"> • Healthcare service plans or health insurers reviewed by the Department of Managed Health Care, the Department of Insurance, or under the Knox-Keene Health Care Service Plan Act of 1975 • Non-profit corporations reviewed by the Attorney General • Certain de minimis transactions, including those in which one party has less than \$25 million in California-derived annual revenue • A county purchasing, acquiring, or assuming control, responsibility, or governance of an entity to ensure continued access within that county
Timing of Initial Filing	At least 90 days prior to closing, or on an expedited basis if OHCA deems that the parties have sufficiently demonstrated the need for immediate review (i.e., substantial risk of bankruptcy)
Review Process	<ul style="list-style-type: none"> • Preliminary review • Potential cost and market impact review, including public notice and comment • If cost and market impact review is required once OHCA publishes its final report, a 60-day waiting period must expire before parties can close
Review Criteria	<p>Preliminary review includes:</p> <ul style="list-style-type: none"> • Access to healthcare services • Quality of care • Efficiency • Market competition • Costs for the state • Costs for consumers
Post-Closing Obligations & Monitoring	None specified — subject to further administrative guidance
Miscellaneous	<p>Potential referral to Attorney General for review of unfair competition, anti-competitive behavior, or anti-competitive effects</p> <p>*Excluded transactions may be referred by the applicable reviewing authority to OHCA for a cost and market impact review</p>

CALIFORNIA

CAL. CORP. CODE § 14700

Status: Enacted	Effective January 1, 2024
Regulating Authority	California Attorney General (CAAG)
Purpose	To address concerns relating to the supply and affordability of medicine by monitoring and regulating mergers and acquisitions of retail grocery firms and retail drug firms
Impacted Transactions	Acquisitions of voting securities or assets that either require notice pursuant to the Hart-Scott-Rodino (HSR) Act or involve an acquisition of a total of 20 retail grocery firms or retail drug firms
Impacted Healthcare Entities	Includes transactions involving any: <ul style="list-style-type: none"> • Retail drug firm (classified as North American Industry Classification System (NAICS) category 45611) • Retail grocery firm (classified as NAICS category 44511 and 455211)
Excluded Transactions / Materiality Threshold	None specified — subject to further administrative guidance
Timing of Initial Filing	At least 180 days prior to closing
Review Process	None specified — subject to further administrative guidance
Review Criteria	None specified — subject to further administrative guidance
Post-Closing Obligations & Monitoring	None specified — subject to further administrative guidance
Miscellaneous	<p>Noncompliance may result in penalties of up to \$20,000 per day</p> <p>CAAG may seek a court order to temporarily stay or enjoin the acquisition for a reasonable period necessary to complete an analysis of competitive effects</p> <p>CAAG or other parties may bring an action to enjoin or seek divestiture of assets or ownership interests obtained in a completed acquisition to restore competition</p>

CONNECTICUT

An Act Concerning Notice of Acquisitions, Joint Ventures, Affiliations of Group Medical Practices and Hospital Admissions, Medical Foundations and Certificates of Need

PUBLIC ACT NO. 14-168 (CONN. GEN. STAT. § 19A-486I)

Status: Enacted	Effective October 1, 2014
Regulating Authority	Connecticut Attorney General (CT AG)
Purpose	To monitor and regulate competition with respect to healthcare services
Impacted Transactions	<ul style="list-style-type: none"> • Merger and acquisition • Employment arrangement of substantially all physicians in a group practice • Affiliation between two or more entities to negotiate rates
Impacted Healthcare Entities	<p>Transactions involving a group practice of two or more physicians and a:</p> <ul style="list-style-type: none"> • Hospital • Hospital system • Captive professional entity • Another group practice of two or more physicians • Medical foundation • Entity organized or controlled by a hospital or hospital system
Excluded Transactions / Materiality Threshold	Transactions involving two group practices that result in a group practice with seven or fewer physicians
Timing of Initial Filing	At least 30 days prior to closing
Review Process	None specified
Review Criteria	None specified
Post-Closing Obligations & Monitoring	None specified, other than annual reports noted below
Miscellaneous	<p>Must notify the CT AG of any transaction that is subject to HSR review. Hospitals and hospital systems affiliated with a group practice, and group practices comprising 30 or more physicians, must file an annual report with the Attorney General and Commissioner of Public Health. The report includes:</p> <ul style="list-style-type: none"> • The names and specialties of each physician practicing medicine within the group practice • The names of the business entities providing the services • A description of services provided at each location • The primary service area served by each location

ILLINOIS

740 ILL. COMP. STAT. 10/7.2A

Status: Enacted	Effective Date: January 1, 2024
Regulating Authority	Office of the Illinois Attorney General (IL AG)
Purpose	To amend the Illinois Antitrust Act — with corresponding amendments to the Illinois Health Facilities Planning Act and State Finance Act — to increase the IL AG's oversight of transactions involving healthcare facilities and large provider organizations to control cost and quality of care and protect the public from reduced competition due to transactions that are not subject to federal oversight
Impacted Transactions	<ul style="list-style-type: none"> • Merger and acquisition, excluding a corporate reorganization • Contracting affiliation between two or more entities to negotiate rates, excluding arrangements among entities under common ownership • Impacted transactions include those involving an out-of-state entity, if the out-of-state entity generates \$10 million or more in annual revenue from patients residing in Illinois
Impacted Healthcare Entities	<p>Transactions involving two or more:</p> <ul style="list-style-type: none"> • Ambulatory surgery centers • Hospitals • Kidney disease treatment centers • Entities in “healthcare delivery or management” representing at least 20 healthcare providers in contracting with health plans or third-party administrators, including: <ul style="list-style-type: none"> • Physician organizations • Independent practice associations • Provider networks • Physician-hospital organizations • Accountable care organizations
Excluded Transactions / Materiality Threshold	None specified — subject to further administrative guidance
Timing of Initial Filing	At least 30 days prior to closing
Review Process	<ul style="list-style-type: none"> • IL AG may request additional information within 30 days of receipt of notice • 30-day waiting period after the parties have substantially complied with the IL AG's first request for additional information
Review Criteria	None specified — subject to further administrative guidance
Post-Closing Obligations & Monitoring	None specified — subject to further administrative guidance
Miscellaneous	<p>If applicable, parties may satisfy the initial filing requirement by providing to the IL AG a copy of either:</p> <ul style="list-style-type: none"> • The HSR filing submitted to the Federal Trade Commission or the Department of Justice • The application for a change of ownership with the Illinois Health Facilities and Services Review Board <p>Implementing regulations pending</p>

INDIANA

IC § 25-1-8.5

Status: Enacted	Effective July 1, 2024
Regulating Authority	Office of the Indiana Attorney General (IN AG)
Purpose	To identify transactions that may lessen competition and increase costs
Impacted Transactions	Merger and acquisition, including any change of ownership of assets or stock and any transaction that results in a direct or indirect change of control
Impacted Healthcare Entities	<ul style="list-style-type: none">• Organizations providing diagnostic, medical, surgical, dental, or rehabilitative care• Insurers that issue certain accident and sickness insurance• Health maintenance organizations• Pharmacy benefit managers• Insurance administrators• Private equity partnership (regardless of location)
Excluded Transactions / Materiality Threshold	Notice is required for mergers and acquisitions between an Indiana healthcare entity and another healthcare entity, with total assets (regardless of whether those assets are located in the state of Indiana) of at least \$10 million
Timing of Initial Filing	90 days prior to closing
Review Process	<ul style="list-style-type: none">• The IN AG must review the materials within 45 days after submission• The IN AG may provide a written analysis of its concerns to the parties, and parties are encouraged to respond promptly• The IN AG may issue a civil investigative demand for additional information
Review Criteria	None specified — subject to further administrative guidance
Post-Closing Obligations & Monitoring	None specified — subject to further administrative guidance

MASSACHUSETTS

MASS. GEN. LAW. C. 6D § 13; 958 CMR 7.00

Status: Enacted	Effective January 1, 2013
Regulating Authority	Massachusetts Health Policy Commission (HPC)
Purpose	To monitor healthcare spending growth and publicly report on the evolving structure and composition of the provider market
Impacted Transactions	<p>Transactions involving any provider / provider organization, including:</p> <ul style="list-style-type: none"> • Merger and acquisition with or by an insurance plan, a hospital, or health system, excluding a corporate reorganization • Merger and acquisition or other affiliation with provider / provider organizations that results in an increase of \$10 million or more in net patient service revenue or a near-majority of market share, excluding a corporate reorganization • Clinical affiliations in which each party has \$25 million or more in net patient service revenue, other than those solely relating to clinical trials or graduate medical education programs • Formation of a partnership, management services organization, or other structure to contract with health plans or third-party administrators
Impacted Healthcare Entities	<p>Transactions involving any:</p> <ul style="list-style-type: none"> • Entity in "health care delivery or management" that represents one or more providers in contracting with carriers or third-party administrators, including a: <ul style="list-style-type: none"> • Physician organization • Physician-hospital organization • Independent practice organization • Provider network • Accountable care organization • Entity contracting with carriers for payment for healthcare service • Hospital • Person or entity qualified to provide healthcare services
Excluded Transactions / Materiality Threshold	Provider / provider organization with less than \$25 million in net patient service revenue
Timing of Initial Filing	At least 60 days prior to closing
Review Process	<ul style="list-style-type: none"> • Preliminary review within 30 days of receipt of notice • If required, a cost and market impact review which can take 185 days. This review will be required if HPC determines that the proposed transaction is likely to impact significantly the state's ability to meet the healthcare cost growth benchmark or the competitive market, or if the change in healthcare expenditure exceeded the healthcare cost growth benchmark of the previous calendar year. • Parties may not close until HPC has determined not to initiate a cost and market impact review or until at least 30 days after HPC has issued its final report on a cost and market impact review
Review Criteria	<p>A cost and market impact review includes:</p> <ul style="list-style-type: none"> • Size and market share • Price and relative price compared to other providers • Impact on competition • Quality and patient experience • Cost and cost trends • Adjusted total medical expense • Consumer concerns • Availability and accessibility of similar services • Methods to attract patients and recruit healthcare professionals • Any at-risk, underserved, and government-payor patients • Any low/negative margin services
Post-Closing Obligations & Monitoring	None specified
Miscellaneous	HPC may refer its final report to the Attorney General for review

MINNESOTA (Part 1)

MINN. STAT. § 145D.01

Status: Enacted	Effective May 26, 2023
Regulating Authority	Minnesota Attorney General (MN AG) and Commissioner of Health (the Commissioner)
Purpose	To analyze the impact of healthcare transactions on healthcare costs, market consolidation, and quality, and prohibit transactions that substantially lessen competition or create a monopoly
Impacted Transactions	<ul style="list-style-type: none"> • Merger and acquisition • Sale, lease, security interest, or transfer of 40% or more of assets, property, or ownership • Revenue-sharing agreements involving 40% or more of revenue • Governance changes that transfer control or responsibility to another entity, other transfers of control, and creation of new healthcare entities
Impacted Healthcare Entities	<p>Transactions involving any:</p> <ul style="list-style-type: none"> • Hospital • Hospital system • Captive professional entity • Medical foundation • Group practices of two or more healthcare providers • Entities organized or controlled by, or which own or control, any of the above entities
Excluded Transactions / Materiality Threshold	<p>Excluded transactions include:</p> <ul style="list-style-type: none"> • Clinical affiliations to collaborate on clinical trials or provide graduate medical education • Contracts with healthcare providers for clinical services • Corporate reorganizations • Mortgages or other secured loans for business improvements that do not affect governance or healthcare delivery • Actions involving only nursing homes, boarding care homes, supervised living facilities, assisted living facilities, foster care settings, certain community residential settings, or home care providers <p>A streamlined notice process (rather than a full review) exists for transactions involving any healthcare entity with less than \$80 million in historical or anticipated annual revenue.</p>
Timing of Initial Filing	At least 60 days prior to closing
Review Process	The MN AG may extend the notice and waiting period for an additional 90 days and may include public listening sessions or forums
Review Criteria	<p>Includes:</p> <ul style="list-style-type: none"> • Harm to public health • Access to affordable and quality care • Effect on competition • Delivery of healthcare to underserved communities • Medical education and teaching programs • Market for skilled workers • Healthcare costs and cost trends • Wages and collective bargaining
Post-Closing Obligations & Monitoring	The Commissioner may use the collected data to conduct analyses of the aggregate impact of transactions on access to or the cost of healthcare services, healthcare market consolidation, and healthcare quality, and will publish periodic public reports
Miscellaneous	<ul style="list-style-type: none"> • Additional disclosure requirements and review criteria for non-profit healthcare entities • The MN AG may bring an action to unwind a transaction that violates the law or is contrary to the public interest • Transactions include a single action or a series of actions within a five-year period • Implementing regulations pending

MINNESOTA (Part 2)

MINN. STAT. § 145D.02

Status: Enacted	Effective January 1, 2024
Regulating Authority	Minnesota Commissioner of Health (the Commissioner)
Purpose	To analyze the number of healthcare transactions and their impact on the equitable access, cost, and quality of healthcare services, as well as to develop recommendations for the legislature
Impacted Transactions	<ul style="list-style-type: none"> • Merger and acquisition • Sale, lease, security interest, or transfer of 40% or more of assets or ownership • Revenue-sharing agreements involving 40% or more of revenue • Governance changes that transfer control or responsibility to another entity, other transfers of control, and creation of new healthcare entities <p>Applies to transactions involving any healthcare entity with less than \$10 million or more than \$80 million in historical or anticipated annual revenue.</p>
Impacted Healthcare Entities	<p>Transactions involving any:</p> <ul style="list-style-type: none"> • Hospital • Hospital system • Captive professional entity • Medical foundation • Group practices of two or more healthcare providers • Entities organized or controlled by, or which own or control, any of the above entities
Excluded Transactions / Materiality Threshold	<p>Excluded transactions include:</p> <ul style="list-style-type: none"> • Transactions subject to reporting under MINN. STAT. § 145D.02 • Clinical affiliations to collaborate on clinical trials or provide graduate medical education • Contracts with healthcare providers for clinical services • Corporate reorganizations • Mortgages or other secured loans for business improvements that do not affect governance or healthcare delivery • Actions involving only nursing homes, boarding care homes, supervised living facilities, assisted living facilities, foster care settings, certain community residential settings, or home care providers
Timing of Initial Filing	At least 30 days prior to closing, or at least 10 business days if the closing is within less than 30 days
Review Process	Commissioner may request additional information within 30 days of submission of the notice
Review Criteria	None specified — subject to further administrative guidance
Post-Closing Obligations & Monitoring	None specified — subject to further administrative guidance
Miscellaneous	<ul style="list-style-type: none"> • Transactions include a single action or a series of actions within a five-year period • Implementing regulations pending

NEVADA (Part 1)

NRS § 439A.126

Status: Enacted	Effective October 1, 2021
Regulating Authority	Nevada Department of Health and Human Services (DHHS)
Purpose	To monitor healthcare transactions and healthcare consolidation
Impacted Transactions	<ul style="list-style-type: none">• Merger and acquisition of a hospital or group practice• Affiliation between physician group practices• Employment arrangement of substantially all physicians in a group practice• Contract for management of the hospital and contract for management of certain group practices
Impacted Healthcare Entities	<ul style="list-style-type: none">• Hospitals• Physician group practices
Excluded Transactions / Materiality Threshold	Transactions involving a physician group practice that represents less than 20% of the physicians who practice a specialty in a primary service area or does not represent the largest number of physicians of any physician group practice that is a party to the transaction
Timing of Initial Filing	Within 60 days after consummation of the transaction or contract
Review Process	Notice only
Review Criteria	None specified
Post-Closing Obligations & Monitoring	DHHS will post information contained in the notices on its website and publish an annual report regarding market transactions and concentrations

NEVADA (Part 2)

NRS § 598A.290

Status: Enacted	Effective October 1, 2021
Regulating Authority	Nevada Attorney General (NV AG)
Purpose	To monitor healthcare transactions and healthcare consolidation
Impacted Transactions	<ul style="list-style-type: none"> • Merger and acquisition • Affiliation with another healthcare provider group practice or health insurance carrier • Employment arrangement of substantially all healthcare providers in a group practice • Any transaction involving assets of a group practice or health carrier in Nevada that files a notification pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976
Impacted Healthcare Entities	<ul style="list-style-type: none"> • Group practices of two or more healthcare providers • Health insurance carriers
Excluded Transactions / Materiality Threshold	<ul style="list-style-type: none"> • Transactions that would result in a group practice or health carrier providing less than 50% of any healthcare service within a geographic market • Transactions involving business entities under common ownership
Timing of Initial Filing	At least 30 days prior to consummation of the transaction
Review Process	Notice only
Review Criteria	None specified
Post-Closing Obligations & Monitoring	None specified
Miscellaneous	Providing a copy of any HSR filing to the NV AG satisfies the notice requirement

NEW YORK

Disclosure of Material Transactions

(NY PUB. HEALTH LAW §§ 4550 - 4552)

Status: Enacted	Effective August 1, 2023
Regulating Authority	New York State Department of Health (the Department)
Purpose	To increase regulatory oversight of physician practices, particularly given the trend of large physician practices being managed by investor-backed entities
Impacted Transactions	<ul style="list-style-type: none"> • Merger and acquisition, including a change of 10% or more of the direct or indirect ownership interests of a healthcare entity • Affiliation agreements • Formation of a partnership, management services organization, or other structure to contract with health plans, third-party administrators, pharmacy benefit managers, or other healthcare providers
Impacted Healthcare Entities	<p>Transactions involving any:</p> <ul style="list-style-type: none"> • Physician practices • Management services organizations • A provider-sponsored organization • A health insurance plan • Any other healthcare facility
Excluded Transactions / Materiality Threshold	<p>Excluded transactions include those that:</p> <ul style="list-style-type: none"> • Are already subject to review (i.e., transactions involving hospitals, emergency medical services, home care services, hospices, continuing care retirement communities, fee-for-service continuing care retirement communities, or assisted living facilities) • Increase a healthcare entity's total gross in-state revenues by less than \$25 million within a rolling 12-month period • Involve clinical affiliations for the purpose of collaborating on clinical trials or graduate medical education programs
Length of Review Period	At least 30 days prior to closing
Review Process	Notice only: summary will be posted on the Department's website and will be subject to public review and comment
Post-Closing Obligations & Monitoring	None specified — subject to further administrative guidance
Miscellaneous	<p>Notification by the Department to the antitrust, healthcare, and charities bureaus of the Office of the New York Attorney General</p> <p>Implementing regulations pending</p>

OREGON

Disclosure of Material Transactions

(OR. REV. STAT. §§ 415.500; 415.501; OR. ADMIN. R. 409-070-0000 TO 409-07-0085)

Status: Enacted	Effective January 1, 2023
Regulating Authority	Oregon Health Authority (OHA)
Purpose	To achieve universal access to adequate levels of high-quality healthcare at an affordable cost, to reduce medical cost inflation, and to support accountability for the health of residents. The law is intended to rein in rising prices and preserve access to essential healthcare services, and is motivated in part by research that consolidation in healthcare leads to higher prices without improving the quality of patient care.
Impacted Transactions	<ul style="list-style-type: none"> • Merger and acquisition, including a change of 50% or more (and a change of 25% or more is presumed to be a change of control for a healthcare entity) of the direct or indirect ownership interests of a healthcare entity • Formation of a contract, clinical affiliation, and contracting affiliation that will eliminate or significantly reduce essential services • Corporate affiliation • Formation of a partnership, joint venture, accountable care organization, parent organization, or management services organization that will eliminate or significantly reduce essential services, combine or consolidate providers of essential services when contracting with payors, or combine or consolidate payors when establishing health benefit premiums
Impacted Healthcare Entities	<p>Transactions involving any:</p> <ul style="list-style-type: none"> • Coordinated care organization • Health benefit plan • Hospital • Hospital system • Licensed or certified healthcare professional • Medicare Advantage Plan • Oral health provider • Prepaid managed care health services organization • Pharmacy • Management services organization • Entity that delivers healthcare items or services • Parent or an entity closely related to an entity that delivers healthcare items or services
Excluded Transactions / Materiality Threshold	<p>Excluded transactions include:</p> <ul style="list-style-type: none"> • Transactions that do not meet a materiality threshold of one party having at least \$25 million and the other party having at least \$10 million in average annual revenue • Transactions involving long-term care or residential treatment facilities • Clinical affiliations for the purpose of collaborating on clinical trials or graduate medical education programs • Corporate reorganizations
Timing of Initial Filing	At least 180 days prior to closing
Review Process	<ul style="list-style-type: none"> • Optional pre-filing conference • Two potential review periods — preliminary and comprehensive • Preliminary review period that includes public notice. If certain review criteria are met, approval within 30 days of receipt of complete filing • If not approved at the conclusion of the preliminary review, a comprehensive review will be initiated. This includes the appointment of a review board and public hearing, and a decision within 180 days of receipt of complete filing
Review Criteria	<p>Includes:</p> <ul style="list-style-type: none"> • Access to healthcare services • Quality of care • Cost to patients • Patient outcomes • Health equity • Competition in the market • Financial stability of the parties
Post-Closing Obligations & Monitoring	<p>OHA may impose conditions on the transaction</p> <p>OHA will conduct follow-up reviews of the transaction at the one-, two-, and five-year anniversaries of the closing of the transaction</p>

PENNSYLVANIA (Part 1)

Amendment To Health Care Facilities Act

(SB 548 / HB 2344 (PA. 2024))

Status: SB 548 Referred to Health & Human Services Committee on May 15, 2023; HB 2344 Referred to Health and Human Services on July 12, 2024, First Consideration on October 7, 2024

Proposed Effective Date:
60 Days After Enactment

Regulating Authority	Pennsylvania Attorney General (PA AG)	
Purpose	The legislation, originally introduced in 2022, was reintroduced in response to closures of Pennsylvania hospitals	
Impacted Transactions	<ul style="list-style-type: none"> • Merger and acquisition with another health system or provider organization • Affiliation agreements with another health system or provider organization to negotiate rates, excluding arrangements among entities under common ownership • Sale, transfer, lease, or other encumbrance of a material amount (which is \$10 million or more) of a health system's assets • Capital distribution or similar reduction of a health system's equity capital by a material amount (which is \$10 million or more) 	
Impacted Healthcare Entities	<p>Health systems:</p> <ul style="list-style-type: none"> • For-profit entities owning and operating one or more hospitals, nursing homes, or hospices (SB Only) • A hospital and another healthcare facility owned by a common legal entity or affiliated with a common organizational name (HB Only) 	<p>Provider organizations:</p> <ul style="list-style-type: none"> • Entities in "healthcare delivery or management" representing at least seven healthcare providers in contracting with health plans or third-party administrators, including: <ul style="list-style-type: none"> • Physician organizations • Physician-hospital organizations • Independent practice associations • Provider networks • Accountable care organizations
Excluded Transactions / Materiality Threshold	Transactions in which the PA AG determines no feasible alternative to prevent a health system's closure or greater loss of healthcare services	
Timing of Initial Filing	90 days prior to closing	
Review Process	<ul style="list-style-type: none"> • Waiting period lasting at least 90 days with potential for extension • Public hearing with 14 days' prior notice • PA AG may require a community health needs assessment (HB Only) 	
Review Criteria	<ul style="list-style-type: none"> • Reduced competition or increased costs • Unfair methods of competition or unfair or deceptive practices • Reduced quality of care • Suitability and track record (HB Only) 	<ul style="list-style-type: none"> • Reduced access and availability of healthcare • Reduced access to care in rural, low-income, or disadvantaged communities • Impact on wages, collective bargaining rights, and workplace retention (HB Only)
Post-Closing Obligations & Monitoring	None specified — subject to further administrative guidance if enacted	
Miscellaneous	None	

PENNSYLVANIA (Part 2)

Pennsylvania Open Market Act

HB 2012 (PA. 2024)

Status: HB 2012 Referred to Judiciary on July 12, 2024**Proposed Effective Date:** 60 Days After Enactment

Regulating Authority	Pennsylvania Attorney General (PAAG)
Purpose	To ensure that competition beneficial to consumers in healthcare markets across Pennsylvania remains vigorous and robust
Impacted Transactions	<ul style="list-style-type: none"> • Merger and acquisition, excluding corporate reorganization • Contracting affiliation between healthcare entities • Impacted transactions include those involving an out-of-state entity, if the out-of-state entity generates \$10 million or more in healthcare services revenue from patients in Pennsylvania
Impacted Healthcare Entities	<p>Transactions involving two or more:</p> <ul style="list-style-type: none"> • Healthcare facilities • Healthcare facility systems, including an entity affiliated with the parent through ownership or control • Entities in “healthcare delivery or management” representing at least two healthcare providers in contracting with health plans or third-party administrators, including: <ul style="list-style-type: none"> • Physician organizations • Physician-hospital organizations • Independent practice associations • Provider networks • Accountable care organizations
Excluded Transactions / Materiality Threshold	None specified
Timing of Initial Filing	120 days prior to closing
Review Process	The PAAG may request additional information from the parties within 30 days of receipt of notice and may serve civil investigative demands to investigate potential antitrust violations
Review Criteria	None specified — subject to further administrative guidance if enacted
Post-Closing Obligations & Monitoring	None specified — subject to further administrative guidance if enacted
Miscellaneous	Providing a copy of any HSR filing to the PAAG satisfies the notice requirement

RHODE ISLAND

Hospital Conversions Act

R.I. GEN. LAWS § 23-17.14)

Status: Enacted

Effective 1997

Regulating Authority	Rhode Island Department of Health (RI DOH) and the Rhode Island Attorney General's Office (RI AG)
Purpose	In response to national and regional private investments that result in the conversion of non-profit and public hospitals into for-profit hospitals, Rhode Island established standards and procedures for hospital conversions to protect the quality of medical services in the community
Impacted Transactions	<ul style="list-style-type: none"> • Merger and acquisition that results in a change of 20% or more of ownership or assets • Lease, gift, joint venture, sale, or other disposition that results in a change of 20% or more of ownership or assets • Addition of a new person with a controlling interest or controlling vote
Impacted Healthcare Entities	Any transaction involving a hospital and a for-profit corporation or a non-profit corporation
Excluded Transactions / Materiality Threshold	None specified
Timing of Initial Filing	180-day review period
Review Process	<ul style="list-style-type: none"> • Initial application • Public notice and comment • Public hearing
Review Criteria	<p>Includes:</p> <ul style="list-style-type: none"> • Suitability and track record • Access, quality, safety, and affordable care, including to underserved populations • Safeguards against referrals • Collective bargaining rights and workplace retention • Future employment needs and retraining of employees • Public interest (e.g., access to essential medical services, a balanced healthcare delivery system) • Market share, services, and financial viability • Conditions of Approval for any previous conversions (for-profit conversions only)
Post-Closing Obligations & Monitoring	Approval may impose conditions on the transaction
Miscellaneous	<p>Review process and review criteria differ if the transacting parties are non-profit corporations</p> <p>Certain transfer of ownership, assets, membership interest, authority, or control of a hospital require prior Change in Effective Control by the RI DOH with a recommendation from the Health Services Council</p>

WASHINGTON (Part 1)

Disclosure of Material Transactions

(SB 5241 / HB 1263, 68TH LEG., REG. SESS. (WASH. 2023))

Status: Engrossed SB 5241 Passed the Senate on February 8, 2024 and Returned to Senate on March 7, 2024; HB 1263 Reintroduced on January 8, 2024

Proposed Effective Date: January 1, 2025

Regulating Authority	Washington Attorney General (WA AG)	
Purpose	To preserve or increase access to quality and affordable care in connection with transactions, including emergency care, primary care, reproductive care, end-of-life care services, and gender affirming care. The bill is intended to protect patients and providers by ensuring no one loses access to healthcare because of a merger, in part by requiring a public assessment to understand the impact of industry consolidation on access to local care.	
Impacted Transactions	<ul style="list-style-type: none"> • Merger and acquisition, excluding corporate reorganization • Contracting affiliation between healthcare entities to negotiate rates, excluding arrangements among entities under common ownership 	
Impacted Healthcare Entities	<p>Transactions involving two or more:</p> <ul style="list-style-type: none"> • Hospitals • Hospital systems, including any entity affiliated with the parent through ownership or control • Entities in “healthcare delivery or management” representing at least seven healthcare providers in contracting with carriers, including: <ul style="list-style-type: none"> • Physician organizations • Physician-hospital organizations • Independent practice associations • Provider networks • Accountable care organizations 	<p>Transactions involving an entity above and a:</p> <ul style="list-style-type: none"> • Carrier or insurance holding company system • Person or entity that primarily provides healthcare services • Person or entity that is a parent organization of, or has control over, an entity that primarily provides healthcare services
Excluded Transactions	A streamlined notice process (rather than a full review) exists for transactions involving parties (other than hospitals or health systems) that either (a) generate less than \$10 million in patient revenue in the state of Washington or (b) predominantly serve low-income, medically underserved individuals	
Timing of Initial Filing	At least 120 days prior to closing	
Review Process	<ul style="list-style-type: none"> • Preliminary review period that includes public notice and comment and a public hearing • Potential for comprehensive review, including a health equity assessment and the potential appointment of a review board • Decision to disapprove transaction or impose conditions on transaction must be issued within 120 days of receipt of completed filing 	
Review Criteria	<p>Includes:</p> <ul style="list-style-type: none"> • Access to healthcare services • Quality of care • Cost to patients and health plans • Underserved populations 	<ul style="list-style-type: none"> • Health equity • Competition in the market • Financial stability of the parties • Healthcare provider staffing and retention
Post-Closing Obligations & Monitoring	Submission of annual reports for 10 years following the closing of the transaction, and regular opportunity for public comment to monitor compliance	

WASHINGTON (Part 2)

Healthcare Transactions Notification Requirement

(WASH. REV. CODE §§ 19.390.010–090)

Status: Enacted	Effective January 1, 2020
Regulating Authority	Washington Attorney General (WAAG)
Purpose	To ensure that competition beneficial to consumers in healthcare markets across Washington remains vigorous and robust
Impacted Transactions	<ul style="list-style-type: none"> • Merger and acquisition, excluding corporate reorganizations • Contracting affiliation to negotiate rates, excluding arrangements among entities under common ownership • Impacted transactions include those involving an out-of-state entity, if the out-of-state entity generates \$10 million or more in healthcare services revenue from patients in Washington
Impacted Healthcare Entities	<p>Transactions involving two or more:</p> <ul style="list-style-type: none"> • Hospitals • Hospital systems • Entities in “healthcare delivery or management” representing at least seven healthcare providers in contracting with carriers, including: <ul style="list-style-type: none"> • Physician organizations • Physician-hospital organizations • Independent practice associations • Provider networks • Accountable care organizations
Excluded Transactions / Materiality Threshold	None specified
Timing of Initial Filing	60 days prior to closing
Review Process	The WAAG may request additional information from the parties and may serve civil investigative demands to investigate potential antitrust violations
Review Criteria	None specified — subject to further administrative guidance
Post-Closing Obligations & Monitoring	None specified — subject to further administrative guidance
Miscellaneous	Providing a copy of any HSR filing to the WAAG satisfies the notice requirement