

HB 1460 -- Redline

Printer's No. 1821 to Printer's No. 1696 -- An Act providing for approval from the Department of Health and the Office of Attorney General before certain transactions involving health care entities within this Commonwealth.

Deletions ~~struck~~ · Insertions underlined

~~PRIOR~~ PRINTER'S NO.

1696 ~~PRINTER'S~~ THE NO-GENERAL ASSEMBLY OF PENNSYLVANIA HOUSE BILL Session of No.

~~1821~~1460 ~~THE 2025 GENERAL~~ INTRODUCED ASSEMBLY BY OF BOROWSKI, PENNSYLVANIA TAKAC, HOUSE KHAN, BILL BOYD, Session O'MARA, KRUEGER, CURRY, KAZEEM, DELLOSO, YOUNG, HILL-EVANS, GIRAL, FIEDLER, SANCHEZ, FREEMAN, PROBST, HOHENSTEIN, DONAHUE, SCHLOSSBERG, PROKOPIAK, CEPEDA-FREYTIZ, CERRATO, WAXMAN, DALEY, CIRESI, KENYATTA, FRANKEL AND GREEN, MAY 13, 2025 REFERRED TO COMMITTEE ON HEALTH, MAY 13, 2025 AN ACT Providing for approval from the Department of ~~No-Health and the Office of Attorney General before certain transactions involving health care entities within this Commonwealth.~~

~~1460 2025 INTRODUCED BY BOROWSKI, TAKAC, KHAN, BOYD, O'MARA, KRUEGER, CURRY, KAZEEM, DELLOSO, YOUNG, HILL-EVANS, GIRAL, FIEDLER, SANCHEZ, FREEMAN, PROBST, HOHENSTEIN, DONAHUE, SCHLOSSBERG, PROKOPIAK, CEPEDA-FREYTIZ, CERRATO, WAXMAN, DALEY, CIRESI, KENYATTA, FRANKEL, GREEN, WEBSTER, KOSIEROWSKI AND HANBIDGE, MAY 13, 2025 AS REPORTED FROM COMMITTEE ON HEALTH, HOUSE OF REPRESENTATIVES, AS AMENDED, JUNE 3, 2025 AN ACT ProOffice of Attorney General before certain transactionsthe involving health care entities within this Commonwealth.~~

(2) An unfair method of competition in or ~~UNFAIRLY~~ affecting health care commerce or an unfair or deceptive act ~~20250HB1460PN1821 - 2~~ or practice in or affecting health care commerce.

20250HB1460PN1696 - 2 - (3) A significant reduction in the quality of care.

~~---~~ (4) AVAILABLE A WITHIN significant THE reduction HEALTH in CARE access ENTITY'S to MARKET or TERRITORY, availability of health care services for payers, purchasers or consumers.

~~---~~ (4) A significant reduction in access to or availability of health care services for payers, purchasers or consumers.

or (ii) controls, holds with the power to vote or holds proxies representing 10% or more of the votes that all ~~20250HB1460PN1821 - 3~~ shareholders or members would be entitled to cast in the election of directors or managers.

20250HB1460PN1696 - 3 - (2) The presumption under paragraph (1) may be rebutted by a showing that control does not exist in fact.

(3) A capital distribution or similar reduction of a health care entity's equity capital by a material amount or the incursion of an obligation that commits the health care ~~20250HB1460PN1821 - 4~~ entity to making a capital distribution or similar reduction of equity by a material amount.

20250HB1460PN1696 - 4 - "Department." The Department of Health of the Commonwealth.

~~---~~ (1) A person that directs, or through an affiliate directs, control of one or more health care facilities.

~~A PERSON THAT DIRECTS, OR THROUGH AN AFFILIATE --- DIRECTS, CONTROL OF ONE OR MORE HEALTH CARE FACILITIES.~~

"Material amount." An amount equal to \$5,000,000 ~~\$10,000,000 ---~~ or more.

"Practitioner organization." A person, other than a health ~~---~~ care facility, which is in the business of health care delivery or management and that represents health care practitioners in contracting with carriers or third-party administrators for the payment of health care services.

"Private equity fund." An entity that directly, or through ~~20250HB1460PN1821 - 5~~ an affiliate, acts as a control person and is any of the following:

Sec. 80a-3 (relating to definition of investment 20250HB1460PN1696 - 5 - company), except for the application of 15 U.S.C.

~~IN --- THE ABSENCE OF THE COVERED TRANSACTION.~~

(a) Duties of health care entity.--Prior to entering into a ~~BINDING~~ covered transaction, a health care entity shall complete~~---~~ one of the following:

~~20250HB1460PN1821 - 6 -~~ (1) file a notification in accordance with subsection (b) and observe the waiting period under subsection (c);

20250HB1460PN1696 - 6 - (b) Notice.--Notification of a covered transaction shall be submitted to the Attorney General and the department on a form and in a manner developed by the Attorney General.

(6) All financial documents of the transaction parties ~~20250HB1460PN1821 - 7 -~~ and related entities, if applicable, including audited financial statements, ownership records, business projection data, current capital asset valuation data and any records upon which future earnings, existing asset values and fair market value analysis can be based.

20250HB1460PN1696 - 7 - (7) All fairness opinions and independent valuation reports of the assets and

liabilities of the parties, prepared on the parties' behalf.

(14) All information in the possession of the transacting parties relative to the perspective of the health ~~20250HB1460PN1821 - 8 -~~ care entity's patient base and communities served, or their representatives.

(15) All information, including internal and external reports and studies, bearing on the effect of the proposed transaction on the availability or accessibility of health 20250HB1460PN1696 - 8 - care in the affected community.

(c) Waiting period.--Prior to entering into a ~~BINDING~~ covered transaction, a health care entity shall undergo a 90-day ~~60-DAY~~ waiting period, which shall begin on the date the ~~Attorney General~~ receives the notification required under subsection (b).

(d) Additional information and waiting period extensions.-- (1) The Attorney General may, no later than 30 days prior to the expiration of the waiting period under subsection (c), require the submission of additional ~~20250HB1460PN1821 - 9 -~~ information or documentary material from a person who is a party to the proposed covered transaction for which a notification was filed under subsection (b) or from any officer, director, partner, agent or employee of the person.

(2) The Attorney General may, in its discretion, extend 20250HB1460PN1696 - 9 - the waiting period under subsection (c) for an additional 30 days for a covered transaction after the date on which the Attorney General receives either of the following from a person to whom a request is made under paragraph (1):

(3) Additional extensions of the waiting period beyond what is required under subsection (b) must be granted by a court in accordance with section ~~305, 305. PROVIDED THAT THE~~ ~~REQUEST IS FILED WITH THE COURT WITHIN FIVE DAYS OF THE EXPIRATION OF ALL APPLICABLE WAITING PERIODS.~~

(b) Accessibility.-- (1) A public hearing required under subsection (a) ~~IF THE ATTORNEY GENERAL CONDUCTS A PUBLIC HEARING UNDER SUBSECTION (A), THE PUBLIC HEARING~~ shall be live-streamed on the Attorney General's publicly accessible Internet website.

~~20250HB1460PN1821 - 10 -~~ (2) A video recording of the public hearing shall be posted on the Attorney General's publicly accessible Internet website.

Interested parties shall include employees of the health care 20250HB1460PN1696 - 10 - entity, legal aid organizations, public officials and health advocacy organizations within a county in which the health care facility is located.

(4) To the governing body of each county ~~AND MUNICIPALITY~~ in which the health care entity is located.

(a) Determination.--No later than the final date of ~~20250HB1460PN1821 - 11 -~~ expiration of the respective waiting period under section 302(c), along with any extension granted under section 302(d), the Attorney General shall determine whether the covered transaction is likely to have an impact that is against the public interest.

(b) Department review.--Prior to making a determination whether a covered transaction is against the public interest, the Attorney General shall consult and request feedback from the 20250HB1460PN1696 - 11 - department regarding the covered transaction's potential impact on the existing patient base and affected community.

~~20250HB1460PN1821 - 12 -~~ (3) During the monitoring period, the Attorney General and the department shall monitor, evaluate and assess the covered entity and health care entity's compliance with the terms and conditions of the voluntary agreement.

(e) Costs of monitoring.-- (1) The covered entity shall pay for the costs of the Attorney General and the department's monitoring, evaluation and assessment of the covered entity and health care entity's 20250HB1460PN1696 - 12 - compliance with the terms and conditions of the voluntary agreement during a monitoring period established under subsection (d).

~~20250HB1460PN1821 - 13 -~~ (3) Grant other equitable relief as the court determines necessary or appropriate.

The department and the Attorney General shall ensure that the rules and regulations of the department 20250HB1460PN1696 - 13 - and the Attorney General are not in conflict.

(ii) Upon request, the Attorney General shall be paid promptly for all contract costs by the entities seeking approval or ~~OF~~ the covered transaction.

~~3~~ (3) The Attorney General shall be entitled to reimbursement from the entities seeking consent for the covered transaction for all actual, reasonable and direct costs incurred in reviewing, evaluating and making a ~~20250HB1460PN1821 - 14 -~~ determination under section 304(a), including administrative costs.

20250HB1460PN1696 - 14 - (c) Compliance.--If a covered entity or health care entity enters into a voluntary agreement with the Commonwealth under section 304(c)(2):

Upon receiving a request from the department, a covered entity or health care entity shall comply with ~~RESPOND TO~~ the request within 30 days.

~~3~~ (3) If the Attorney General determines that the health care entity or covered entity has failed to

comply with terms of the voluntary agreement, the Attorney General may seek immediate relief in Commonwealth Court to enforce the conditions of the voluntary agreement ~~and, and AND COMMONWEALTH COURT~~ may impose any penalties authorized by law or the terms of the voluntary agreement.

(d) Agency cooperation.-- ~~20250HB1460PN1821 - 15 -~~ (1) The department, the Department of Aging, the Department of Human Services and the Insurance Department shall assist the Attorney General in reviewing the proposed agreement and transaction, if requested, and shall comply with any request for testimony or information as may be necessary and appropriate for the Attorney General to review a proposed covered transaction.

(2) The Attorney General shall comply with any request 20250HB1460PN1696 - 15 - for information from the Insurance Department as may be necessary and appropriate for the Insurance Department to concurrently review a proposed transaction under Article XIV of the act of May 17, 1921 (P.L.682, No.284), known as The Insurance Company Law of 1921.

The department and the Attorney General shall ensure ~~20250HB1460PN1821 - 16 -~~ that the rules and regulations of the department and the Attorney General are not in conflict.

If 20250HB1460PN1696 - 16 - the department determines the health care facility or covered entity has failed to comply with terms of the voluntary agreement, the department shall immediately notify the Attorney General of its findings.

Upon receiving a request from the department, a covered entity or health care facility shall comply with ~~RESPOND TO~~ the request within 30 days.

~~---~~ (3) The department shall be reimbursed from an escrow account established under section 304(e) for costs related to the ongoing monitoring, assessment and evaluation of a health care facility and covered entity's compliance with the terms and conditions of the voluntary agreement during the monitoring period.

(a) Confidentiality.--All information, documents, materials and copies thereof in the possession or control of the Attorney General or the department that are produced for, obtained by or disclosed to the Attorney General or the department in the course of a covered entity or health care entity complying with ~~20250HB1460PN1821 - 17 -~~ the requirements of section 302(b), 306(c) or (d) or 307(b) shall be privileged and given confidential treatment and shall not be:

20250HB1460PN1696 - 17 - (4) Made public by the Attorney General, the department or any other person, except to regulatory or law enforcement officials of this Commonwealth or other jurisdictions or experts or consultants under contract with the Attorney General under section 306(b), without the prior written consent of the health care entity or covered entity to which it pertains, unless the Attorney General, after giving the health entity or covered entity that would be affected notice and opportunity to be heard, determines that the interest of the public is served by the publication, in which event it may publish all or any part in such manner as it may deem appropriate.

CHAPTER 10 ~~20250HB1460PN1821 - 18 -~~ MISCELLANEOUS PROVISIONS Section 1001.

(2) Narrow, abrogate or otherwise alter the authority of 20250HB1460PN1696 - 18 - the department to oversee and approve or disapprove the change of ownership of or regulate a health care facility under the act of July 1, 1979 (P.L.130, No.48), known as the Health Care Facilities Act.

(3) Narrow, abrogate or otherwise alter the authority of a professional licensing board to issue, suspend or revoke a health care practitioners ~~PRACTITIONER'S~~ license or regulate ~~---~~ the practice of the health arts in this Commonwealth.

~~20250HB1460PN1821~~ 20250HB1460PN1696 - 19 -