HCAI Department of Health Care Access and Information
2020 West El Camino Avenue, Suite 800
Sacramento, CA 95833
hcai.ca.gov

OFFICE OF HEALTH CARE AFFORDABILITY
FINDING OF EMERGENCY AND NOTICE OF PROPOSED EMERGENCY REGULATIONS

PROMOTION OF COMPETITIVE HEALTH CARE MARKETS;
HEALTH CARE AFFORDABILITY;
COST AND MARKET IMPACT REVIEWS (CMIR)

SUBJECT MATTER OF PROPOSED REGULATIONS

Regulations related to promotion of competitive health care markets and cost and market impact reviews pursuant to Health and Safety Code sections 127501 *et seq.* (CMIR program), codified in the California Code of Regulations (CCR) at Title 22, Division 7, Article 1, sections 97431 *et seq*.

SPECIFIC FACTS DEMONSTRATING THE NEED FOR IMMEDIATE ACTION

The Office of Health Care Affordability (OHCA or Office) within the Department of Health Care Access and Information (HCAI) is statutorily required to review and evaluate consolidation, market power, and other market failures through cost and market impact reviews of mergers, acquisitions, or corporate affiliations involving health care service plans, health insurers, hospitals, physician organizations, pharmacy benefit managers, and other health care entities. (Health & Saf. Code, § 127501, subd. (c)(12).) Until January 1, 2027, OHCA may adopt any necessary regulations to implement its CMIR program as emergency regulations. (Health & Saf. Code, § 127501.2, subd. (a).) As authorized by the California Health Care Quality and Affordability Act (Act), OHCA finds these emergency regulations necessary for the immediate preservation of public health and safety, and general welfare of the citizens of California. (Health & Saf. Code, § 127501.2, subd. (a)(1).) Regulations adopting OCHA's CMIR program became effective on December 18, 2023, and were amended effective August 22, 2024.

Effective January 1, 2026, Assembly Bill (AB) 1415 (Chapter 641, Statutes of 2025) amends the Act in the following respects:

- Adds private equity (PE) groups, hedge funds, management services organizations (MSO), newly created business entities, and entities that own, operate, or control a provider to the list of entities required to file material change notices of transactions with OHCA; and
- Authorizes OHCA to collect data and information from MSOs.[1]

[1] OHCA is not proposing to implement this aspect of the bill in this regulatory proposal.

One of HCAI's core values is transparency. Therefore, OHCA posted a draft of these regulations for the public's review on May 22, 2026, with a 20-day period for the public to provide comments. OHCA received eleven written comments.

Before the Office adopts any regulation, OHCA's Board must discuss the proposed regulation at one Board meeting. (Health and Saf. Code, § 127501.2, subd. (c).) The Board discussed the draft revisions not only at its May 27, 2006 meeting, but also followed up at its June 24, 2026 meeting and received oral public comments regarding the proposed revisions at both meetings.

AUTHORITY AND REFERENCE

Pursuant to Health and Safety Code section 127501(c)(16), 127501.2, 127507(c)(4), 127507.2(a)(3)(A), and 127507.2(b), the Office shall adopt, amend, or repeal, in accordance with the Administrative Procedure Act, rules and regulations as may be necessary to enable it to carry out the laws relating to review of agreements or transactions under the Act. (Health and Safety Code, section 127500, *et seq.* (Act).

These regulations implement, interpret, or make specific Health and Safety Code sections 127500.2 and 127507.

INFORMATIVE DIGEST

Existing Law

OHCA's existing CMIR regulations:

- Establish a section defining terms used in the regulations. (Section 97431.)
- Establish a section providing an Office email address for parties with questions about whether a notice is required. (Section 97432.)
- Establish a section outlining the scope of the proposed regulations. (Section 97433.)
- Establish a section defining the transactions for which a filing of a notice with the Office is required. (Section 97435.)
- Establish a section outlining the procedure for filing notices of material change transactions and the elements of required filings. (Section 97439.)
- Establish a section outlining the requirements for requesting expedited review of material change notices. (Section 97440.)
- Establish a section outlining the factors the Office will consider in deciding whether to conduct a CMIR, providing an appeals process for the Office's determination, outlining the factors the Office will consider in a CMIR, and providing the procedure for the issuance of preliminary and final reports of the Office's findings. (Section 97441.)
- Establish a section clarifying the Office may also conduct a CMIR based on market power or market failures. (Section 97442.)

General Policy Statement

In 2022, the Act (Senate Bill (SB) 184, Chapter 47, Statutes of 2022) established OHCA within HCAI. Recognizing that health care affordability has reached a crisis point as health care costs continue to grow, OHCA's enabling statute emphasizes it is in the public interest that all Californians receive health care that is accessible, affordable, equitable, high-quality, and universal. (Health & Saf. Code, § 127500.5, subd. (a)(1).)

In enacting SB 184, the Legislature found:

> Escalating health care costs are being driven primarily by high prices and the underlying factors or market conditions that drive prices, particularly in geographic areas and sectors where there is a lack of competition due to consolidation, market power, venture capital activity, the role of profit margins, and other market failures. Consolidation through acquisitions, mergers, or corporate affiliations is pervasive across the industry and involves health care service plans, health insurers, hospitals, physician organizations, pharmacy benefit managers, and other health care entities. Further, market consolidation occurs in various forms, including horizontal, vertical, and cross industry mergers, transitions from nonprofit to for-profit status or vice versa, and any combination involving for-profit and nonprofit entities, such as a nonprofit entity merging with, acquiring, or entering into a corporate affiliation with a for-profit entity or vice versa. (Health & Saf. Code, § 127500.5, subd. (a)(4).)

OHCA has three primary responsibilities, to: (1) slow health care spending growth; (2) promote high value system performance; and (3) assess market consolidation. OHCA will collect, analyze, and publicly report data on total health care expenditures, and enforce spending targets set by the Board. (Health & Saf. Code, § 127500.5, subd. (*l*).) Through its CMIR program, OHCA will analyze transactions that are likely to significantly impact market competition, the state's ability to meet targets, or affordability for consumers and purchasers. Based on results of the review, OHCA will then coordinate with the Attorney General to address consolidation as appropriate. (Health & Saf. Code, § 127507.2, subd. (d)(1).)

Prior to AB 1415, OHCA did not have the authority (absent a subpoena) to directly require submission of information from MSOs, PE groups, hedge funds, or the other specified noticing entities in AB 1415. However, a growing body of research suggests PE ownership can affect health care spending, quality, and access. MSOs provide administrative support and other types of services to providers. MSO arrangements vary, as some health care entities use them for billing, claims, and utilization management services, while other entities use MSOs for non-clinical practice

management and contract and rate negotiations. MSOs often negotiate with payers on behalf of their providers, so they can directly impact costs on a larger scale, ultimately impacting consumer affordability. They have also become more prevalent in recent years, with complicated corporate structuring and relationships with providers. MSOs are an attractive option for PE and hedge fund acquisitions as they are often very profitable.

This proposal will:

- Amend section 97431 to amend definitions and cross-references for affiliation, health care entity, material change transaction, and transaction and add definitions for hedge funds, MSOs, and private equity groups.
- Amend section 97432 to include instructions for working with OHCA to avoid duplicate notice requirements.
- Amend section 97435 to include filing thresholds and circumstances for noticing entities and for real estate investment trusts.
- Add section 97537 to include instructions for requesting confidentiality of information and documents submitted to OHCA.
- Amend section 97438 to include filing requirements for noticing entities and health care entities.
- Amend section 97439 to add an additional factor for OHCA to consider a request for expedited review
- Amend section 97440 to include reasons why OHCA may toll review of a transaction.
- Amend section 97441 to add a factor that OHCA may consider when determining whether to conduct a CMIR and include a process for submitters to provide additional information following a determination to conduct a CMIR.
- Amend section 97442 to include a process for submitting documentation during a CMIR.

SPECIFIC PURPOSE AND NECESSITY FOR EACH REGULATION

Amend section 97431 of Title 22, Definitions.

OHCA provides a section on definitions for consistency and clarity. OHCA references terms such as “hedge fund,” “private equity groups,” “management services organization,” “transaction,” and “health care entity” from the statute for convenience. OHCA also updated cross-references throughout the section to account for changes in the chapter.

In addition to references to statutory definitions and updating cross-references, OHCA made substantive amendments to the definition of “material change transaction,” “submitter,” and “transaction.”

§ 97431 Subsection (a) Affiliation

(a) "Affiliation~~,~~" ~~as used in sections 97431(p), 97435(c)(6) and 97438(c)(2) of these regulations,~~ refers to a situation in which an entity controls, is controlled by, or is under common control with another legal entity in order to collaborate for the provision of health care services. "Affiliation" does not include a collaboration on clinical trials, graduate medical education programs, health professions training programs, health sciences training programs, or other education and research programs.

OHCA removed citations to where "affiliation" is used in the chapter, as the term is used consistently throughout. Removing these citations clarifies that the definition applies wherever "affiliation" is used throughout the chapter.

§ 97431 Subsection (d) Department

(d) "Department" or "HCAI" shall mean the Department of Health Care Access and Information.

OHCA is adding "HCAI" to the definition of Department, as often reports are signified not by the full Department title but rather by the Department's acronym, HCAI. Adding to the definition here provides clarity.

§ 97431 Subsection (j) Material change transaction

The definition of material change transaction currently includes an exclusion for transactions that are in the usual and regular course of business of the health care entity. For consistency, OHCA is adding MSOs to the exclusion. Transactions that are in the usual and regular course of business of an MSO, meaning those that are typical in the day of the MSO, are excluded from notice requirements.

(~~j~~l) "Material change transaction" shall mean a transaction as defined in subsection (u) that meets the requirements of section 97435(c). "Material change transaction" does not include:
(1) Transactions in the usual and regular course of business of the health care entity or management services organization, meaning those that are typical in the day-to-day operations of the health care entity or management services organization.
(2) Situations in which the health care entity or management services organization directly, or indirectly through one or more intermediaries, already controls, is controlled by, or is under common control with, all parties to the transaction, such as a corporate restructuring.

§ 97431 Subsection (t) Submitter

(t) “Submitter” shall mean the entities that are required to provide notice of a material change transaction under section 127507(c)(1) and/or (c)(2) of the Code and these regulations or that are referred by another California state agency to provide notice.

OHCA includes a definition of submitter for clarity throughout the regulations. Currently, “submitter” is included in section 97435 as a parenthetical, but it is necessary for consistency to place it with the other definitions. The Act permits other state agencies to refer transactions to OHCA for review, and therefore adding referrals to the definitions clarifies that those filing with OHCA may not meet the original statutory requirements to provide notice with OHCA.

§ 97431 Subsection (u) Transaction

OHCA added a reference to the types of transactions identified in statute for convenience and clarity, based on OHCA’s experience with common questions posed by the public. OHCA also included and moved the definition of “a subject of a transaction” from section 97435(b) to the definition of transaction. The language regarding “subject of a transaction” is substantively unchanged from the current regulatory provision.

(~~p~~u)“Transaction” shall mean the agreements and transactions set forth in subdivisions (c)(1), (c)(2)(A), and (c)(2)(B) of section 127507 of the Code, and includes mergers, acquisitions, affiliations, and agreements impacting the provision of health care services in California that involve a transfer (including a sale, lease, exchange, option, encumbrance, conveyance, or disposition) of assets or a transfer of control, responsibility, or governance of the assets or operations, in whole or in part, of any health care entity or management services organization to one or more entities. Being a subject of a transaction means the transaction will result in the transfer, as used in this subsection, of a health care entity’s assets, control, responsibility, governance, or operations, in whole or in part to one or more entities.

Amend section 97432 of Title 22, Pre-Filing Questions.

This section provides instructions to potential submitters to contact OHCA for help determining whether they need to file. AB 1415 requires noticing entities to file with OHCA and, for consistency and fairness, they are added to this section. If any entity needs to submit notice and has questions, OHCA works with them to determine the most efficient way to submit -- which sometimes involves combining submissions. To address OHCA’s requirement to eliminate duplicate submission (Health & Saf. Code, §

127507 subd. (c)(2)(C)), OHCA is codifying its existing practice of collaborating with submitters to avoid duplicate submissions.

> Health care entities or noticing entities that are unsure whether they must file a single notice or multiple notices under this Article may contact the Office at CMIR@hcai.ca.gov.

Amend section 97435 of Title 22, Material Change Transactions.

This section explains when a transaction must be filed with OHCA. To filter down to the transactions that appear to present the most threat to access, cost, and quality of health care services, OHCA has devised "thresholds" (subsection (b)) and "circumstances" (subsection (c)) – both of which must be met before the filing requirement is triggered. This proposal increases the thresholds from three to seven and increases the circumstances from eight to eleven, based on the new requirements from AB 1415.

OHCA adds "or noticing entity" throughout the section where relevant to clarify the types of entities that need to file a notice.

§ 97435 Subsection (a)

OHCA adds the requirement that noticing entities also provide 90 days' notice to OHCA for consistency with health care entities. Although the statute is silent on a timeframe for noticing entities specifically, the legislative intent for OHCA to review transactions would be thwarted if noticing entities did not have to file within a prescribed time, and using the same time for health care entities is necessary for those transactions in which a noticing entity is participating with a health care entity, so all submissions arrive at the same time for full and complete transaction review.

Subsection (a) also renumbers the reference to the Code to match the changed numbering by AB 1415 and is thus a non-substantive change.

§ 97435 Subsection (b), generally

Subsection (b) specifies who must file notice of a material change transaction and identifies the thresholds for each type of entity. Health care entities that meet filing thresholds that are a party to, or a subject of, a material change transaction must file notice. Noticing entities that are a party to a material change transaction must file notice. As noted above, the last sentence in (b) has been moved to the definition of "transaction" in section 97431(u), a non-substantive change.

Subsections (b)(4)-(7) identify the thresholds for noticing entities. Legislative analyses for AB 1415 identified concerns that OHCA previously lacked authority to obtain information directly from the private equity groups, hedge funds, and MSOs responsible

for structuring and directing transactions.[2] As a result, OHCA lacked visibility into financing arrangements, ownership structures, governance rights, and acquisition strategies when reviewing transactions that involved these entities. Direct notice from private equity groups, hedge funds, MSOs, and acquisition entities is necessary to provide OHCA with meaningful information regarding the parties driving health care transactions.

OHCA currently includes both financial and geographic thresholds for health care entities that are parties to, or subjects of, a material change transaction. However, given the complexities of private equity, hedge fund, and MSO structures, finances, and scope of services, OHCA did not utilize financial and geographic thresholds for noticing entities. For MSOs in particular, OHCA identified filing thresholds based on the size of the MSO and their influence on the health care market.

§ 97435 Subsection (b)(4)

This subsection establishes threshold filing requirements for private equity groups and hedge funds.

> (4) A private equity group or hedge fund that is a party to any aspect of a transaction identified in subsection (c)(9) with a management services organization or health care entity satisfying subsections (b)(1), (2), or (3).

Private equity groups or hedge funds must file with OHCA if they are a party to a transaction with a health care entity or MSO and they meet a circumstance for filing.

§ 97435 Subsection (b)(5)

This subsection establishes the threshold filing requirements for MSOs. MSOs must file notice with OHCA if they are a party to a transaction with a health care entity satisfying threshold filing requirements at subsections (b)(1), (2), or (3) or an MSO satisfying threshold filing requirements at subsection (b)(5). Additionally, to meet threshold filing requirements, the MSO must meet at least one of four factors.

> (5) A management services organization meeting any of the thresholds in subparagraphs (A)-(D) below that is a party to any aspect of a transaction identified in subsection (c)(10) with a management services organization or a health care entity satisfying subsections (b)(1), (2), or (3).
>
> (A) Owned by a hospital and have one or more physician organizations as clients or affiliates;
>
> (B) Employ the physician-owner of, or otherwise contract with, one or more physician organizations;
>
> (C) Share directors, officers, investors, or other natural persons with the

[2] AB 1415 Assembly Committee on Health, Analysis of Assembly Bill No. 1415, April 22, 2025.

ability to exercise control with respect to a health care entity; or

(D) Affiliated with at least two of the following:

(i) A payer;

(ii) Two or more physician organizations; or

(iii) A hospital.

In passing AB 1415, the Legislature concluded that MSOs may significantly affect health care costs, quality, equity, and workforce stability and therefore directed OHCA to establish reporting requirements applicable to MSOs.[3] Each of the threshold filing requirements in this subsection address the types of MSOs that are most likely to have an impact on the health care market when they are involved in a material change transaction. While one commenter noted that the proposed thresholds were too narrow and others noted they were too broad, the regulatory focus is on the least burdensome method to effectuate the legislative intent by eliminating from consideration transactions which are the least likely to impact cost, quality or access to health care services, or workforce stability.

OHCA received comments expressing concern that, through these provisions, OHCA would capture health systems which were excluded in the statutory definition of MSOs at 127500.2 subd. (o) as "entities that owns one or more health facilities." However, the statutory definition serves as the basis for OHCA's definition of, and thresholds for, MSOs. If an entity owns one or more health facilities, it is not considered an MSO.

The first threshold includes MSOs that are owned by a hospital and have one or more physician organization clients, as the owned MSO may exercise significant influence over physician organizations, referral patterns, contracting arrangements, and service delivery.

One alternative OHCA considered was to use "two" physician organizations for this requirement, but commenters pointed out that a single physician organization can be quite large and have an impact on the market. The Legislature specifically directed OHCA to evaluate transactions affecting affordability, competition, quality, access, equity, and workforce stability.[4] Hospital-owned MSOs with one or more physician organization client or affiliate are large enough and have enough influence that they may materially affect each of these factors when involved in a material change transaction and thus are included in filing thresholds.

Therefore, OHCA reduced the originally-proposed number of physician organization clients from two to one.

The second threshold includes MSOs that employ or otherwise contract with the physician-owner of a physician organization. Many acquisitions of physician organizations are structured to comply with California's corporate practice of medicine

[3] AB 1415 Assembly Committee on Health, Analysis of Assembly Bill No. 1415, April 22, 2025.
[4] Assembly Bill No .1415 (2025-2026 Reg. Sess.).

doctrine by maintaining physician ownership while transferring substantial operational authority to an MSO.[5] These arrangements allow MSOs to "have a significant impact on health care market functioning, patient care, and prices."[6]

In response to stakeholder requests for clarity, OHCA amended the language to include MSOs that employ, or otherwise contract with, the physician-owner of one or more physician organizations, such as through a management services agreement that identifies the services to be performed and compensation for such services.

The third threshold captures MSOs with common governance with a health care entity. (As described above, entities that own one or more health care entities are not considered MSOs pursuant to statute.) OHCA considered stakeholder concerns that the provision would capture entities that own a hospital and provide management services to the hospital or other providers or suggestions that the overlap of directors should be a majority or more.

In their 2025 final rule updating Pre-Merger Notification requirements, the Federal Trade Commission (FTC) explained that "the mechanisms of influence are not limited to equity stakes; the ability to influence corporate decision-making arises from a variety of interests beyond voting rights. It may arise from sharing key decision-makers, such as executives or members of their respective boards of directors, or from a combination of a significant minority stake and rights to appoint or nominate members of the board."[7] Shared governance may facilitate coordinated strategic planning, pricing decisions, acquisition activity, contracting strategies, and workforce decisions. Thus, OHCA determined that a common governance threshold is necessary as an MSO that shares directors or governing body members with a health care entity may be able to influence decision-making of the health care entity.

The fourth threshold captures vertically-integrated MSOs. (Again, as noted above, MSOs that own one or more health facilities are excluded from the definition and will not be required to file notice with OHCA as an MSO.) Vertical integration "refers to the joining of two business entities at different stages of the supply chain, such as a hospital system merging with an ambulance company, or a healthcare system purchasing a group of physician practices."[8]

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[5] California Health Care Foundation (CHCF), Private Equity in Health Care: Prevalence, Impact and Policy Options for California and the U.S. May 2024. Available at Private Equity in Health Care: Prevalence, Impact, and Policy Options for California and the US (last accessed July 6, 2026).
[6] AB 1415 Assembly Committee on Health, Analysis of Assembly Bill No. 1415, April 22, 2025.
[7] Federal Trade Commission, Premerger Notification; Reporting and Waiting Period Requirements, Final Rule, 89 Fed. Reg. 89216 (Nov. 12, 2024), codified at 16 C.F.R. Parts 801-803. Available at Premerger Notification: Reporting and Waiting Period Requirements: Final Rule (last accessed July 6, 2026).
[8] Ekaireb, R., Yap, A., and Kucejko, R. Vertical integration and market consolidation in healthcare: Policy drivers and impact on physicians and patient care. Seminars in Colon and Rectal Surgery. July 23, 2024. Available at Vertical integration and market consolidation in healthcare: Policy drivers and impact on physicians and patient care - ScienceDirect (last accessed July 6, 2026).

This provision is necessary since an MSO affiliated with multiple physician organizations, hospitals, or payers may influence referrals, reimbursement arrangements, contracting strategies, network participation, and service delivery across multiple segments of the health care market. Further, as discussed in Legislative analyses, "MSOs may create extensive provider networks that negotiate jointly with insurers, increasing the bargaining leverage of those providers relative to insurers and leading to higher prices."[9] These relationships may affect affordability, competition, access, and quality and are therefore directly relevant to OHCA's statutory responsibilities. While one affiliation may not create such influence, more than one may, and so OHCA sets this limit at two.

§ 97435 Subsection (b)(6)

This subsection establishes the threshold filing requirements for business entities newly created for the purpose of entering into agreements or transactions with a health care entity or MSO. These types of noticing entities, as defined in statute (Health & Saf. Code, § 127507 subd. (h)(2)), must file notice with OHCA if they are a party to a material change transaction with a health care entity satisfying threshold filing requirements at subsections (b)(1), (2), or (3) or an MSO satisfying threshold filing requirements at subsection (b)(5).

> (6) A newly created business entity created for the purpose of entering into agreements or transactions with a health care entity that is a party to any aspect of a transaction identified in subsection (c) with a health care entity satisfying subsections (b)(1), (2), or (3) or management services organization satisfying subsection (b)(4)(B).

It has been OHCA's experience that many newly-created business entities, such as holding companies, are used to facilitate transactions which OHCA would otherwise review. Before AB 1415, there was no transparency into those transactions; having no set thresholds on the newly-created entity will allow for better visibility and effectuate the Act's legislative intent.

§ 97435 Subsection (b)(7)

This subsection establishes the threshold filing requirements for an entity that owns, operates, or controls a provider, regardless of whether the provider is currently operating, providing health care services, or has a pending or suspended license. These types of noticing entities, as defined in statute (Health & Saf. Code, § 127507 subd. (h)(4)), must file notice with OHCA if they are a party to a material change transaction with a health care entity satisfying threshold filing requirements at subsections (b)(1), (2), or (3) or an MSO satisfying threshold filing requirements at subsection (b)(5).

[9] AB 1415 Assembly Committee on Health, Analysis of Assembly Bill No. 1415, April 22, 2025.

(7) An entity described in section 127507(h)(4) that is a party to any aspect of a transaction identified in subsection (c) with a health care entity satisfying subsections (b)(1), (2), or (3) or management services organization satisfying subsection (b)(4)(B).

This threshold is necessary to effectuate the Act's legislative intent and ensure that OHCA is able to review information from entities that are controlling the provision health care services, directly or indirectly, as a party to the transaction (or any aspects of the transaction, such as real estate side agreements).

§ 97435 Subsection (c) Circumstances requiring filing

This subsection establishes the circumstances under which health care entities and noticing entities must file notice of the transaction with OHCA.

OHCA added three new circumstances to the regulations to identify when private equity groups, hedge funds, and MSOs must file. OHCA additionally included a circumstance related to the transfer of real estate where health care services are provided. These additions are reflected in the change from "(8)" to "(11)" in the first sentence of subsection (c).

OHCA replaced "submitter" with "health care entity" in circumstances (3) and (4) to clarify that the circumstances only refer to the transfer of the health care entity's assets or control. OHCA additionally added "management services organization" to circumstances (7) and (8) to ensure MSOs are taken into account when considering serial transactions, pursuant to the changes made by AB 1415.

§ 97435 Subsection (c)(9) Transactions Involving Private Equity Groups and Hedge Funds

This subsection establishes the circumstances under which private equity groups and hedge funds that are parties to a transaction with a health care entity or MSO must file notice with OHCA.

This subsection is necessary to implement the intent of the Legislature that OHCA review transactions involving private equity groups and hedge funds with health care entities and MSOs, specifically to "monitor cost trends, including conducting research and studies on the health care market, including, but not limited to, the impact of consolidation, market power, venture capital activity, profit margins, and other market failures on competition, prices, access, quality, and equity." (Cal Health and Safety Code section 127507 subd. (a).) Legislative analyses for AB 1415 cited evidence associating private equity ownership with higher costs, lower patient satisfaction, worse

financial outcomes, and quality concerns in certain settings.[10] The Legislature determined that transactions involving these entities warrant additional transparency and review.[11]

To ensure that OHCA reviews transactions that may impact California's health care market, this subsection includes two circumstances under which private equity groups or hedge funds would need to file notice with OHCA.

(9) The transaction involves a private equity group or hedge fund and does one of the following:
(A) Results in the private equity group or hedge fund holding 10% or more of the assets, equity, debt, or liabilities of a health care entity satisfying subsections (b)(1), (2), or (3) or a management services organization. This includes groups of investors, private equity groups, or hedge funds investing collectively to hold 10% of the assets or equity of the health care entity; or
(B) Results in the acquisition of assets, equity, debts, or liabilities of a health care entity satisfying subsections (b)(1), (2), or (3) or a management services organization with an agreement where the private equity group or hedge fund has authority to do any of the following:
(i) Appoint or replace leadership or governing body member(s) of the health care entity or management services organization;
(ii) Veto decisions made by a health care entity or management services organization;
(iii) Alter operations by expanding or reducing health care services offered by the health care entity or changing arrangements with management services organization or payers;
(iv) Purchase the real property of a health care entity where services are provided and lease the property back to the health care entity;
(v) Cause, require, approve, or veto the incurrence of indebtedness by the health care entity or management services organization;
(vi) Manage or operate a health care entity or management services organization, such as through management agreements, consulting agreements, administrative services agreements, or affiliated management services organizations;
(vii) Charge fees to the health care entity or management services organization; or
(viii) Spend the capital and net income of a health care entity or management services organization. Spending the capital or net income may involve approving, directing, restricting, or controlling budgets, capital expenditures, distributions, or the use of net income or tax reserves.

[10] AB 1415 Assembly Committee on Health, Analysis of Assembly Bill No. 1415, April 22, 2025.
[11] Id.

The first circumstance provides that notice must be submitted to OHCA if a private equity group or hedge fund is a party to a transaction that results in the private equity group or hedge fund holding 10% or more of a health care entity or MSO. OHCA's initial proposal included a 5% threshold. While two commenters supported this threshold, several others that this threshold was too low. Some commenters suggested a 25% threshold to align with the definition of "control, responsibility, or governance" while one suggested a 40% threshold. OHCA considered these suggestions and increased the threshold to 10%.

A 10% threshold better aligns with federal Hart-Scott-Rodino (HSR) filing requirements where passive investments of less than 10% are excluded from review.[12] Specifically, rules implementing the Hart-Scott-Rodino Act exempt acquisitions if made "solely for the purpose of investment" where the investor has "no intention of participating in the formation, determination, or direction of the basic business decisions of the issuer."[13] In their final rule updating requirements for Pre-Merger Notifications to include reporting of minority ownership interests, the FTC explained that private investors "frequently take either majority or minority stakes in many different operating companies (which may have competitively significant relationships) and can exercise significant influence over management and strategic decision-making. In particular, the percentage of equity interest is often not a good indicator of the extent to which investors can direct the strategic decisions of the business."[14] Similarly, Massachusetts defines control as holding the power to vote ten percent or more of the voting securities of an entity.[15]

Limiting review to majority ownership interests or a 25% interest would fail to capture many arrangements capable of affecting provider behavior, strategic planning, staffing decisions, capital investments, and service availability. Since an entity may significantly influence health care entity operations without owning a controlling percentage, this circumstance captures ownership and financing arrangements capable of materially influencing provider operations and market behavior.

The second circumstance requires notice from a private equity group or hedge fund that is a party to a transaction that results in the private equity group or hedge fund acquiring any amount of assets, equity, debts, or liabilities of a health care entity or MSO when there is additionally a mechanism of control over the acquired entity. Two commenters supported this circumstance, but others raised concerns that it contains no materiality threshold as required by statute. OHCA notes, however, that this provision captures transactions identified at Health & Saf. Code, § 127507 subd. (C)(2)(A)(ii) that:

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[12] 16 C.F.R. § 802.9.
[13] 16 C.F.R. § 801.1(i)(1).
[14] Federal Trade Commission, Premerger Notification; Reporting and Waiting Period Requirements, Final Rule, 89 Fed. Reg. 89216 (Nov. 12, 2024), codified at 16 C.F.R. Parts 801-803. Available at Premerger Notification: Reporting and Waiting Period Requirements: Final Rule (last accessed July 6, 2026).
[15] 958 Mass. Code Regs. § 7.00 (Mass. Reg. No. 1573, May 8, 2026).

(ii) Transfer control, responsibility, or governance of a material amount of the assets or operations of the health care entity or management services organization to one or more entities.

This second circumstance focuses on practical control rather than formal ownership and includes rights to appoint directors or executives, approve budgets, veto major decisions, direct strategic planning, influence compensation structures, or otherwise affect operations as those may provide substantial influence over an entity. Governance and operational rights frequently determine who exercises actual influence over provider operations.[16] Such authority may directly affect staffing levels, service availability, quality-improvement initiatives, capital investments, reimbursement strategies, and workforce conditions.[17] The list of conditions was derived from OHCA's experience in reviewing private equity and hedge fund strategies and contracts with health care entities.

§ 97435 Subsection (c)(10): Transactions involving Management Services Organizations

This subsection establishes the three circumstances under which MSOs that are parties to a transaction with a health care entity or MSO must file notice with OHCA. This subsection is necessary to implement the intent of the Legislature that OHCA review transactions involving MSOs that may impact the health care market.

In passing AB 1415, the California Legislature found that MSOs can significantly affect health care costs, quality, equity, access, and workforce stability. Legislature analyses cited research recognizing that many health care entities are acquired through MSOs rather than direct ownership arrangements, creating potential transparency gaps and limiting the public's ability to understand who exercises actual control over health care entity operations.[18]

These structures are particularly useful for complying with California's corporate-practice-of-medicine restrictions while still transferring substantial operational authority to investors or affiliated entities.[19] In these arrangements, physicians may retain ownership of their practice but important decisions relating to staffing, contracting,

[16] *Federal Trade Commission v. U.S. Anesthesia Partners, Inc. and Welsh, Carson, Anderson & Stowe,* Complaint (S.D. Tex, filed September 21, 2023, available at https://www.ftc.gov/system/files/ftc_gov/pdf/2010031usapcomplaintpublic.pdf, last accessed October 26, 2023.
[17] California Health Care Foundation (CHCF), Private Equity in Health Care: Prevalence, Impact and Policy Options for California and the U.S. May 2024. Available at Private Equity in Health Care: Prevalence, Impact, and Policy Options for California and the US (last accessed July 6, 2026).
[18] AB 1415 Assembly Committee on Health, Analysis of Assembly Bill No. 1415, April 22, 2025.
[19] Rooke-Ley H, Reddy M, Mehta N, Singh Y, Brown EF. The Corporate Backdoor to Medicine: How MSOs are Reshaping Physician Practices. The Milbank Memorial Fund. April 28, 2025. Available at MSO-Policy-Brief_4.16-1.pdf (last accessed July 6, 2026).

budgeting, payer negotiations, financial strategy, service lines, information technology, and administrative operations are managed by the MSO.

The first two circumstances in subsection (c)(10) focus on practical influence and control of a health care entity's operations rather than formal ownership since a transaction that transfers management authority over a health care entity may have consequences comparable to a direct acquisition. The third circumstance focuses on transactions that transfer control or ownership of a health care entity, similar to (c)(4), but identify the MSO as the submitter.

The first circumstance requires notice from MSOs of transactions that result in the MSO providing management and administrative support services for a health care entity with annual revenue of $25 million or more. Management and administrative support are defined in statute as including "include provider rate negotiation, revenue cycle management, or both." (California Health and Safety Code section 127500.2 subd. (o).)

(A) Results in a management services organization providing management and administrative support services for a health care entity satisfying subsection (b)(1); or

OHCA received comments requesting removal of this circumstance (arguing that the circumstance does not transfer assets or control of assets or operations of the health care entity or MSO) as well as comments expressing support. Management services agreements between MSOs and health care entities frequently grant the MSO authority over operations of the health care entity including provider rate negotiation and revenue cycle management. These activities, as included in statute, can materially affect costs, quality, workforce conditions, and patient access.[20] [21]Since the filing thresholds for MSOs are narrowed, only those MSOs that may have an impact on the health care market will need to file notice when they enter into a transaction to provide services to a health care entity with annual revenue of $25 million or more.

The second circumstance captures situations where an MSO provides management and administrative support services for two or more providers. Similar to providing services to one large health care entity, an MSO serving multiple providers can affect contracting practices, referral patterns, operational policies, and strategic decision-making across a portion of a local health care market.

(B) Results in a management services organization providing management and administrative support services for two or more providers that collectively generate $10 million in annual California-derived revenue; or

[20] California Health Care Foundation (CHCF), Private Equity in Health Care: Prevalence, Impact and Policy Options for California and the U.S. May 2024. Available at Private Equity in Health Care: Prevalence, Impact, and Policy Options for California and the US (last accessed July 6, 2026).
[21] American Antitrust Institute. Monetizing Medicine: Private Equity and Competition in Physician Practice Markets. July 10, 2023. Available at AAI-UCB-EG_Private-Equity-I-Physician-Practice-Report_FINAL.pdf.

The third circumstance captures situations where an MSO is a party to a transaction that transfers control, responsibility, or governance of a health care entity.

(C) Involves a transfer of control, responsibility, or governance, in whole or in part, as defined in subsection (e), of a health care entity.

Following public comment expressing concern that OHCA might inadvertently capture transactions not involving a health care entity, OHCA revised the subsection to focus on a change of control *of a health care entity* instead of the MSO. Health care entities meeting threshold filing requirements will already be required to file a notice with OHCA if they are party to, or a subject of, this type of transaction, pursuant to Section 97435 (c)(4). This circumstance will additionally require MSOs to file if they are party to the transaction. Having both parties file brings necessary transparency to the transaction.

§ 97435 Subsection (c)(11) Transactions involving the sale or transfer of real estate

This subsection establishes the circumstances under which health care entities or noticing entities that meet filing thresholds would need to file notice of a transaction involving the sale or transfer of real estate where health care services are provided.

(11) The transaction results in the sale or transfer of real estate where a provider or fully integrated delivery system provides health care services, regardless of whether the provider or fully integrated delivery system is currently operating, providing health care services, or has a pending or suspended license:

(A) To an entity other than the entity acquiring the health care entity or its direct parent; and
(B) The surviving health care entity will be required to lease or pay rent for the real estate.

This provision is necessary to ensure OHCA reviews transactions that are likely to have an impact on competition, prices, access, quality, and equity since the sale or transfer of ownership of health care real estate may have substantial implications for provider stability, patient access, affordability, and long-term service availability. Real-estate transactions can significantly affect the financial health of providers and their ability to continue delivering services.[22] Sale-leaseback arrangements, for example, frequently involve transferring ownership of facilities to a third party while requiring the provider to continue operating from the facility under a long-term lease. While these arrangements may generate short-term liquidity, they can also create substantial ongoing financial

[22] California Health Care Foundation (CHCF), Private Equity in Health Care: Prevalence, Impact and Policy Options for California and the U.S. May 2024. Available at Private Equity in Health Care: Prevalence, Impact, and Policy Options for California and the US (last accessed July 6, 2026).

obligations which can reduce operational flexibility, increase financial pressures, and affect long-term sustainability.[23] [24]

OHCA received several comments expressing concern about the inclusion of this circumstance and two comments supporting its inclusion. OHCA considered the identified concerns but made no changes to this subsection following the initial proposal. The use of sale-leaseback arrangements can have direct impacts on a provider's financial stability and their ability to provide care to patients.[25] Multiple analyses following the collapse of Steward Health Care identified how the separation of hospital operations from hospital real estate contributed to significant financial pressures.[26] [27]

The inclusion of a standalone sale-leaseback provision is necessary to address a gap in OHCA's transaction oversight as these transactions affect provider stability and access to care. Requiring notice of these arrangements ensures that OHCA can evaluate the full economic consequences of a transaction.

Add section 97437 of Title 22, Confidentiality

Section 97437 provides instructions for requesting confidentiality of information and documents in the notice. This section was previously located in section 97438. OHCA relocated the section, a non-substantive change, and additionally separated out provisions for clarity and added a definition for "nonpublic information." Subsections (a) and (b) also now specify that confidentiality extends to requests to expedite and to cost and market impact reviews, which was deemed necessary based on OHCA's experiences. For readability, the use of the term "requestor" was added to cover any submitter requesting confidentiality.

(a) Confidentiality of Documents and Information Submitted to the Office.
…For purposes of this Article, "nonpublic" means information that:
(1) Is confidentially maintained and not shared by the holder of the information with the general public; and
(2) Does not include information that is lawfully made available to the general

[23] Id.
[24] Office of Senator Edward J. Markey. The Steward Health Care Report: How Corporate Greed Hurt Patients, Health Workers, and Communities. September 2024. Available at The Steward Health Care Report (last accessed July 6, 2026).
[25] California Health Care Foundation (CHCF), Private Equity in Health Care: Prevalence, Impact and Policy Options for California and the U.S. May 2024. Available at Private Equity in Health Care: Prevalence, Impact, and Policy Options for California and the US (last accessed July 6, 2026).
[26] Wood, S., Petrie-Flom Center, Harvard Law School. A Health Care Betrayal: The Ethical Crisis Surrounding Steward Health and the Demise of Community Hospitals. November 22, 2024. Available at A Health Care Betrayal: The Ethical Crisis Surrounding Steward Health and the Demise of Community Hospitals - Petrie-Flom Center (last accessed July 6, 2026).
[27] Office of Senator Edward J. Markey. The Steward Health Care Report: How Corporate Greed Hurt Patients, Health Workers, and Communities. September 2024. Available at The Steward Health Care Report (last accessed July 6, 2026).

public from any federal, state, or local government record or disclosure, media source, or any other publicly available source.

…

(b) Requests for Confidentiality. A submitter of a notice of a material change transaction, a submitter requesting expedited review pursuant to section 97439, or a submitter requesting review of the Office's determination to conduct a cost and market impact review pursuant to section 97441, ("requestor") may request confidential treatment of information or documents submitted. When requesting confidentiality of documents or information:

…

(2) A requestor requesting confidentiality in respect to portions of a notice, a request for expedited review, a request to review a determination to conduct a cost and market impact review, or any documents or information not specified in subsection (c) thereafter submitted in support of the notice, shall include a justification that provides:

(A) A detailed statement of the grounds enumerated in (3)(A) through (D), below, on which confidentiality is claimed and an explanation of why confidentiality is necessary;

(B) A statement of the specific time for which confidential treatment of the information is necessary and an explanation for why the specific time is necessary; and

(C) A statement describing how the information has been confidentially maintained by the entity.

OHCA received several comments in support of this section and some requesting additional protections for certain information. The proposed definition of "nonpublic" is based on OHCA's statutory language at Health and Safety Code, section 127507.2(c)(1) and language from the California Financial Information Privacy Act at Fin. Code, section 4052(a) and (k) (definitions of "nonpublic personal information" and "widely distributed media").

Amend section 97438 of Title 22, Filing of Notices of Material Change Transactions.

§ 97438 Subsection (a)

Once an entity determines whether or not it must file a notice of a material change transaction, section 97438 explains what must be submitted and how a filing is submitted. Edits to this section include clarifying that first and last names are given and surnames, respectively, which is necessary due to the software backbone of the electronic filing portal.

§ 97438 Subsection (b) Form and Contents of Public Notice

Subsection (b) requires a submitter to indicate which thresholds and circumstances in section 97435 they meet and provide the listed information to the Office. The subsection

also states the information in the notice will be publicly posted on the Office's website. This fulfills the Office's mandate for public transparency and effectuates the Office's role of collecting and providing information informative to the public. This approach also follows the practice of posting in other states and in California. (*See*, for example, the Attorney General website at https://oag.ca.gov/charities/nonprofithosp or Massachusetts Health Policy Commission website at https://www.mass.gov/info-details/transaction-list-material-change-notices.)

In a number of instances where a transaction is being disclosed to other regulators, other states, or even the federal government, submitters are already providing additional information, including information that this regulatory proposal adds for a submission to OHCA. Further, parties to a transaction will have done due diligence into all other parties, which would include evaluations of parents, subsidiaries, affiliations, etc., and the business history, services provided, assets held, and liabilities incurred from each. Therefore, the burden of providing the additional information proposed by this regulation should neither be onerous nor come as a surprise to parties to, or subjects of, these transactions.

(b) Form and Contents of Public Notice. A ~~health care entity submitting a notice (~~"submitter"~~)~~ shall indicate which threshold(s) and circumstance(s) are met, pursuant to section 97435(b) and (c), respectively, and either note where in another entity's submission for the same transaction the following information is found or provide the following information to the Office for public posting on the Office's website:

OHCA received several comments expressing concern that the amendments to this subsection did not fully address the new statutory requirements at Health & Saf. Code, § 127507 subd. (c)(2)(C) to eliminate duplicative reporting. In response, and as noted above, OHCA amended section 97432 of the regulations to further eliminate duplicative reporting.

§ 97438 Subsection (b)(1)(D)(i)

As part of the form and contents of the public notice, OHCA requests general information about the transaction and entities in the transaction.

(D) Description of organization, including, but not limited to, business lines or segments, ownership type (corporation, partnership, limited liability company, etc.), governance and operational structure (including ownership of or by a health care entity). Submitters shall also include the following information:

(i) For health care providers or fully integrated delivery systems, include a summary of provider type (hospital, physician group, etc.), facilities owned or operated, the owner of any real property involved in the transaction where services are provided, service lines, number of staff,

geographic service area(s), number of patients served per county in California in the last year, and capacity (e.g., number of licensed beds) ~~or patients served (e.g., number of patients per county) in California in the last year~~.

OHCA requests information regarding the owner of real property where health care services are provided. This provision requires disclosure of the owner of real property used in connection with health care services since real-estate ownership is directly relevant to provider stability, affordability, and access. As described above, health care transactions increasingly involve structures that separate ownership of provider operations from ownership of facilities which can have direct impacts on the provision of health care services.[28] Disclosure of real estate owners is also consistent with the Center for Medicare and Medicaid Services' 2023 rule regarding ownership disclosure of nursing homes which specifically identified ownership structures that include real estate investment trusts (REIT).[29] Disclosure of real-estate ownership provides OHCA with information necessary to evaluate the complete economic structure of a transaction.

In addition, OHCA requests health care providers or fully integrated delivery systems to provide the number of patients served per county in California in the last year. This provision was previously included as an example of what to provide when describing capacity, but OHCA has found the information necessary to evaluate transactions.

§ 97438 Subsection (b)(1)(D)(iii)

OHCA requests information regarding the services provided by MSO submitters and the geographic scope of those services. Disclosure of the scope and nature of MSO activities is necessary to evaluate the transaction and potential market effects.

(D) Description of organization, including, but not limited to, business lines or segments, ownership type (corporation, partnership, limited liability company, etc.), governance and operational structure (including ownership of or by a health care entity). Submitters shall also include the following information:

...

(iii) For management services organizations, include all types of services offered, the types of services provided to any health care entity involved in the transaction, and geographic service area(s).

[28] California Health Care Foundation (CHCF), Private Equity in Health Care: Prevalence, Impact and Policy Options for California and the U.S. May 2024. Available at Private Equity in Health Care: Prevalence, Impact, and Policy Options for California and the US (last accessed July 6, 2026).
[29] 2 CFR Parts 424 and 455.

§ 97438 Subsection (b)(1)(D)(iv)

OHCA requests information regarding the health care entities and MSOs in the portfolio of private equity group or hedge fund submitters. Portfolio-wide disclosure is necessary to identify cross-market ownership relationships. This information will also assist OHCA's review of the transaction's impact on market concentration and whether the transaction is part of a serial acquisition.

(D) Description of organization, including, but not limited to, business lines or segments, ownership type (corporation, partnership, limited liability company, etc.), governance and operational structure (including ownership of or by a health care entity). Submitters shall also include the following information:

…

(iv) For private equity groups or hedge funds, include names of health care entities or management services organizations owned, controlled, or financed, directly or indirectly, by the participating asset managers and funds they manage.

OHCA considered one comment expressing concern and two comments expressing support of this provision. Given the nature of private equity and hedge fund holdings and strategies, OHCA determined that the information is necessary to review the transaction and promote public transparency.

§ 97438 Subsection (b)(1)(F)

As part of information regarding the submitter, OHCA requests a list of current California health-care licenses. OHCA amended this subsection to clarify that this information is only required if applicable.

(F) If applicable, a l~~L~~ist of current California health care-related licenses and license or registration numbers issued by regulatory agencies such as the Department of Managed Health Care, the Department of Insurance, and the Department of Public Health; state and local business licenses related to the provision of health care services; registration(s) with the Secretary of State held by the submitter, if any; and for any current health-care related license(s) held outside of California, identification of license type and state of issuance. For purposes of this subsection, provide the health care license type and numbers only for those facilities, services, and professions involved in the transaction. Individual professional license information is not required to be provided.

§ 97438 Subsection (b)(1)(H)

OHCA requests information regarding the submitter's corporate structure which includes the names of parents, subsidiaries, or affiliates.

> (D) Description of organization, including, but not limited to, business lines or segments, ownership type (corporation, partnership, limited liability company, etc.), governance and operational structure (including ownership of or by a health care entity). Submitters shall also include the following information:
> …
> (H) Names of all affiliates, parents, and subsidiaries of the submitter.

This information is necessary since health care entities increasingly operate through complex organizational structures involving affiliates, subsidiaries, holding companies, or related entities. These structures may obscure actual control relationships and complicate regulatory oversight.[30] [31]Disclosure enables OHCA to identify the entities capable of influencing health care entity operations, strategic planning, financing, and governance. OHCA received one comment requesting clarification that this disclosure is only required for entities that are directly involved in the transaction. OHCA considered this concern but determined that the names of all affiliates, parents, and subsidiaries of the submitter are necessary for review of the transaction.

§ 97438 Subsection (b)(1)(I)

OHCA requests information about the governing body of the submitter since ownership information alone may not reveal who exercises decision-making authority of an entity.

> (I) Names of all members of the submitters governing body such as the board of directors, managing partners, or LLC managers.

OHCA received one request to delete this requirement. OHCA considered this comment but determined that disclosure of directors, managers, governors, trustees, managing members, and similar individuals is necessary as these positions frequently determine strategic direction, staffing, investments, and operational priorities. Disclosure is also necessary to assess whether governing body members support competitors in the market (interlocking directorates), a practice that is prohibited by the Clayton Act[32] or entities with shared interests, such as a member sitting on the board of a health care entity and MSO. Governance disclosures help identify decision-makers whose influence may affect competition, affordability, quality, and access and assists OHCA in

[30]Health Affairs. The Missing Piece in Health Care Transparency: Ownership Transparency. September 22, 2023. The Missing Piece In Health Care Transparency: Ownership Transparency | Health Affairs (last accessed July 6, 2026).
[31] Centers for Medicare & Medicaid Services (CMS), Medicare and Medicaid Programs; Disclosures of Ownership and Additional Disclosable Parties Information for Skilled Nursing Facilities and Nursing Facilities; Medicare Providers' and Suppliers' Disclosure of Private Equity Companies and Real Estate Investment Trust, 88 Fed. Reg. 80141 (Nov. 17, 2023) (codified at 42 C.F.R. Parts 424 and 455).
[32] 15 U.S.C § 19.

identifying overlapping governance structures, interlocking directorates, and common-control arrangements.

§ 97438 Subsection (b)(2)

OHCA requests a list of primary and threshold languages[33] used by the provider in order for OHCA to assess effects on health care access and equity on non-English-speaking populations. OHCA amended this subsection based on experiences with questions from non-providers, to make it clear that only providers (rather than payers) must provide this list since they directly interact with patients.

(2) If applicable, a list ~~List~~ of primary languages used by ~~submitter~~ a provider when providing services to the public as well as any threshold languages, as determined by the Department of Health Care Services, used when providing services to Medi-Cal beneficiaries;

§ 97438 Subsection (b)(3)

OHCA requests information regarding other parties to the transaction so it obtains a comprehensive view of the transaction.

§ 97438 Subsection (b)(3)(A)

OHCA requests information regarding the affiliations between any additional parties to the transaction and MSOs. Understanding the relationships between the parties of a transaction and any MSO is necessary to evaluate potential competitive effects, influence, and shared decision-making since MSOs are often used as a vehicle to control and consolidate health care entities.[34]

(3) Identification of all parties to the transaction and indication whether any health care entities and/or noticing entities who are parties to the transaction will be submitting a notice. For each entity that is a party to (or in the case of a health care entity, the subject of) the transaction, the submitter shall exercise reasonable diligence to ascertain and shall describe the following:
(A) The entity's business (including all business lines or segments), any affiliation with a management services organization, and relationship, if any, to any of the other parties to the transaction;

[33] A threshold language is a language identified on the Medi-Cal Eligibility Data System (MEDS) as the primary language of 3,000 beneficiaries, or five percent of the beneficiary population, whichever is lower, in an identified geographic area.
[34] Rooke-Ley H, Reddy M, Mehta N, Singh Y, Brown EF. The Corporate Backdoor to Medicine: How MSOs are Reshaping Physician Practices. The Milbank Memorial Fund. April 28, 2025. Available at MSO-Policy-Brief_4.16-1.pdf (last accessed July 6, 2026).

§ 97438 Subsection (b)(8)

OHCA requests submitters provide a description of current services provided by the health care entity and expected post-transactions impacts. As part of that description, OHCA requests information about any equity or quality of care assessments and anticipated cost savings, quality investments, price reductions, and service expansions because of the transaction.

(8) ~~A description~~ Description of current services provided by the health care entity and expected post-transaction impacts on health care services, which shall include, if applicable:

(D) Any equity or quality of care ratings or assessments conferred by governmental or private agencies based on standardized measures for purposes of accreditation, certification, or recognition, such as the HCAI Hospital Equity Measures Reporting Program, Department of Managed Health Care (DMHC) Health Equity and Quality Measure Set, the Office of Patient Advocate (OPA) California Health Care Quality Report Cards, or the Centers for Medicare and Medicaid Services (CMS) "Star Ratings"

…

and

(G) Anticipated cost savings, quality investments, price reductions, and service expansions as a result of the transaction.

Disclosure of quality and equity assessments are necessary to understand the quality of and accessibility to care provided to patients and how quality or access may be impacted before and after a transaction.

During informal public comment, adding quality ratings to transaction notices was supported and equity measures were additionally suggested by stakeholders to align more closely with the existing *OHCA Quality and Equity Measure Set*, established in 2025.[35]

The examples provided, while not exclusive, present measurements or grades by respected authorities in the quality and equity space which may illustrate potential considerations regarding transactions. These metrics are for the performance of health plans and FIDS (by DMHC's Health Equity and Quality Measure Set), hospitals and FIDS (by HCAI's Hospital Equity Measures Reporting Program), physician organizations and FIDS (by OPA quality report cards), and Medicare-approved plans and providers, including skilled nursing facilities (by CMS Star Ratings). Providing this level of transparency for the public notice is in line with the statutory intent of the Act.

[35] https://hcai.ca.gov/wp-content/uploads/2025/05/CLEAN_Office-of-Health-Care-Affordability-Quality-and-Equity-Measure-Set-Memo_04.17.pdf

Disclosure of anticipated benefits allows OHCA to conduct a more informed and evidence-based review. This information also allows OHCA to evaluate the credibility of claimed efficiencies and compare projected benefits against potential harms. OHCA received supportive comments on this provision.

§ 97438 Subsection (b)(10)(A)

OHCA updates and clarifies current post-transaction plan requests that submitters provide a description of potential post-transaction changes to ownership, governance, or operation structure to now include those with 5% or more ownership for any acquiring, acquired, or merged entity.

(10) Description of potential post-transaction changes to:
(A) Ownership, governance, or operational structure of the submitter and parties to the transaction, including all entities or persons with 5% or more ownership of the entity for:
(i) Any acquiring or merging entity, including all intermediate entities between the ultimate parent company and acquiring entity, as well as any entities controlled by or under common control with the ultimate parent company or its shareholders at the time of the transaction; and
(ii) Any acquired or merging entity, including all entities or persons with 5% or more ownership of the entity and controlled entities that will exist post-transaction.

OHCA considered comments expressing both support and concern for this provision and determined that disclosure of minority ownership interests post-transaction is necessary to identify ultimate ownership and control of health care entities and MSOs. Disclosure of 5% ownership aligns with California Department of Public Health's Change of Ownership requirements, federal Hart-Scott-Rodino filing requirements, [36] and the Centers for Medicare and Medicaid Services (CMS)' final rule regarding expanded ownership and management disclosures for nursing homes.[37]

§ 97438 Subsection (b)(10)(B)

OHCA requests submitters provide a description of potential post-transaction changes to voting rights, decision-making authority, and management and compliance structures.

(10) Description of potential post-transaction changes to:
…
(B) Voting rights, decision-making authority, and management and

[36] Federal Trade Commission, Premerger Notification; Reporting and Waiting Period Requirements, Final Rule, 89 Fed. Reg. 89216 (Nov. 12, 2024), codified at 16 C.F.R. Parts 801-803. Available at Premerger Notification: Reporting and Waiting Period Requirements: Final Rule (last accessed July 6, 2026).
[37] 2 CFR Parts 424 and 455.

compliance structures of the submitter and parties to the transaction.

Disclosure of post-transaction changes to governance rights is necessary to determine who controls the operational and strategic decisions of the health care entity or MSO in the transaction. For example, entities with minority ownership may have a seat on a health care entity's board of directors and be able to influence decision-making. Disclosure of post-transaction changes to this authority is necessary for OHCA to evaluate actual influence rather than relying solely upon formal ownership structures and is necessary to ensure public transparency into these structures.

§ 97438 Subsection (b)(10)(C)

OHCA requests submitters provide a description of potential post-transaction changes to collective bargaining agreements.

(10) Description of potential post-transaction changes to:
…
(C) The submitter's employee staffing levels, job security, retraining policies, wages, benefits, working conditions, collective bargaining, and/or employment protections.

Requiring disclosure of potential post-transaction changes to collective bargaining is necessary for OHCA to understand the full scope of potential impact to workforce stability. Further, staffing reductions, layoffs, changes in compensation structures, elimination of benefits, restructuring of bargaining relationships, and reductions in workforce investment may significantly affect patient outcomes and community access to care.

§ 97438 Subsection (b)(10)(D)

OHCA requests submitters provide a description of potential post-transaction changes to the real estate where health care services are provided.

(10) Description of potential post-transaction changes to:
…
(D) Real estate where health care services are provided, including sales, transfers to affiliates, encumbrances, or updates to landlord-tenant agreements.

As described above, changes in real-estate ownership or financing, such as leaseback arrangements, real-estate investment trusts, and other financial structures that separate ownership of provider operations from ownership of facilities may increase operating costs, create long-term lease obligations, alter financial decisions, and affect service availability. Specifically identifying post-transaction changes to real estate is necessary

for public transparency since these arrangements can materially affect provider stability, service availability, and patient access.

§ 97438 Subsection (b)(10)(E)

OHCA currently requires a discussion of potential post-transaction changes to city or county contracts regarding the provision of heath care services. This subsection is being modified with “If applicable,” since not all submitters may have city or county contracts. This clarifying change is necessary based on OHCA’s experience with the program.

§ 97438 Subsection (b)(11)

OHCA requests a description of the nature of any material change transactions pending or planned in the 12 months following the noticed transaction between the submitter and any other entity. “Any other entity” includes parents, subsidiaries, and any entity or person with 5% or more ownership of the entity.

> (11) Description of the nature, scope, and dates of any material change transactions between the submitter and any other entity (including parents, subsidiaries, and any entity or person with 5% or more ownership of the entity thereof) that are either pending or planned to occur within 12 months following the date of the notice.

Health care transactions frequently occur as part of broader restructuring plans involving multiple acquisitions, affiliations, divestitures, financing arrangements, or governance changes. Disclosure of anticipated transactions enables OHCA to assess cumulative effects and evaluate the complete scope of contemplated organizational changes that may impact competition, affordability, quality, access, and workforce stability. The clarifying addition of parents, subsidiaries, and minority owners in this provision is necessary to capture the scope of transactions that may be planned.

§ 97438 Subsection (c)

Subsection (c) identifies the documentation that must be submitted with a notice.

> (c) Documents to Be Submitted with Notice. Except for documents submitted pursuant to subsection (c)(1), if a submitter is submitting a document in response to either subsections (b) or (c), a submitter may reference the page number or section of that submission or of another entity’s submission in the same transaction in response to another subsection. Submitters shall upload the following documents in machine-readable portable document format (.pdf), with sections bookmarked, as applicable:

To eliminate duplicate notice requirements, OHCA permits submitters to reference documents that, if uploaded, would be duplicative with other submissions in the same transaction. While some stakeholders suggested that any public document or document filed with any other state or federal regulator need not be filed with OHCA, that level of document-sharing is not feasible at this time and may be prohibited by various other state or federal laws.

§ 97438 Subsection (c)(2)

OHCA requests copies of all current agreements, letters of intent, and term sheets governing or related to the transaction, as well as any lease-back agreements.

> (2) Copies of all current agreement(s), letters of intent (unless superseded by an agreement), any lease-back or property agreements, and term sheets (with accompanying appendices and exhibits) governing or related to the proposed material change (e.g., definitive agreements, affiliation agreements, stock purchase agreements);

OHCA requests letters of intent, unless superseded by an agreement, to permit submitters to file a notice before the agreement is finalized. OHCA has found through experience that submitters may want to provide a letter of intent in lieu of an agreement where the letter contains sufficient terms but an agreement hasn't been formally executed.

In addition, OHCA requests copies of any lease-back agreements held by the submitter. Obtaining copies of lease-back agreements is necessary to understand the scope of a transaction and how it will impact a health care entity's financial stability. These agreements warrant separate disclosure because they may significantly affect finances and future operations of a health care entity.

§ 97438 Subsection (c)(3)

OHCA requests documentation sufficient to show the valuation of the transaction. This subsection does not change reporting requirements but instead will codify examples that OHCA has found from experience is helpful to identify the types of documents that could show the valuation of the transaction. These examples show documentation of due diligence on the part of transacting parties and are regularly used in industry. OHCA does not require the creation of documents out of thin air, but anticipates that that parties will have prepared one or more of the following in determining a price. As noted in proposed section 97437(c), these documents, if so marked, are deemed confidential and nonpublic by OHCA.

> (~~3~~4) Documentation sufficient to show the valuation of the transaction, such as;
> (A) Independent valuation/appraisal reports prepared by a third party related to businesses, tangible and intangible assets, services, and/or compensation related to the transaction. This may include fair market

value opinions, fair value opinions, fairness opinions, solvency opinions, and/or strategic value opinions;

(B) Internal management-prepared valuation analyses related to businesses, tangible and intangible assets, services, and/or compensation related to the transaction;

(C) Previous financial and/or tax reporting valuations performed relating to the health care entity within the three years prior to the contemplated transaction;

(D) Valuation analyses pertaining to the transaction included in board or special committee presentations; and

(E) Analyses or reports pertaining to the anticipated value of community benefits provided by any health care entity involved in the transaction;

§ 97438 Subsection (c)(6)

OHCA is updating this section, which currently requires an organization chart of any entity to the transaction, including parents and subsidiaries, as well as post-transaction charts. OHCA requests comprehensive organizational charts that identify the entities that hold ownership interest in the submitter.

(7) Organizational chart(s) including:

(A) A current organizational chart for any party to, or subject of, the transaction up through the ultimate parent entity and including any subsidiaries and any entities controlled by or under common control with the ultimate parent company or its shareholders;

(B) A current organizational chart for any health care entity that is a party to, or subject of, the transaction or noticing entity that is a party to the transaction that shows all entities or persons with 5% or more ownership of the entity; and

(C) Proposed organizational chart(s) for the same entities after the transaction.

The revised subsection clarifies that charts be provided based on an ownership percentage (5%). OHCA received two comments requesting an increase to the 5% ownership disclosure requirement. OHCA considered these concerns but determined that 5% is necessary to understand the scope of the transaction and is consistent with federal requirements.

Health care ownership structures frequently involve multiple layers of parent corporations, holding companies, subsidiaries, affiliates, and investors.[38] Organizational charts provide a clear representation of ownership and control relationships that may

[38]Health Affairs. The Missing Piece in Health Care Transparency: Ownership Transparency. September 22, 2023. The Missing Piece In Health Care Transparency: Ownership Transparency | Health Affairs (last accessed July 6, 2026).

not be apparent from narrative descriptions or isolated disclosures. Having clear ownership documentation will allow OHCA to identify ultimate controlling parties, overlapping ownership arrangements, common investors, or relationships among transaction participants.[39] Ownership transparency in transactions involving private equity groups or hedge funds is particularly important to understand the transaction's impact on care delivery[40] and health care markets.[41]

As described above, federal regulators have increasingly concluded that ownership information is of limited value unless it can be understood within the context of the broader ownership structure.[42] As of 2023, CMS requires skilled nursing facilities to disclose governing body members, officers and directors, additional disclosable parties, organizational structures, ownership relationships, and relationships among affiliated entities.[43] Further, Hart-Scott-Rodino filings must now identify minority shareholders throughout the ownership structure for acquired and acquiring entities to show the entire chain of control.[44]

Organizational charts do not create new substantive obligations. Instead, they simply organize information already required elsewhere in the regulations into a format that allows OHCA to efficiently identify ownership chains, controlling parties, affiliated entities, common investors, and governance relationships.

§ 97438 Subsection (c)(7)

This subsection requires private equity groups or hedge funds to provide documentation showing the name of health care entities or MSOs in their portfolio.

> (8) For private equity groups or hedge funds, documentation showing the names of all health care entities and management services organizations directly or indirectly owned, controlled, or financed by the participating asset managers and the funds they manage in the portfolios of participating asset managers;

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[39] Centers for Medicare & Medicaid Services (CMS), Medicare and Medicaid Programs; Disclosures of Ownership and Additional Disclosable Parties Information for Skilled Nursing Facilities and Nursing Facilities; Medicare Providers' and Suppliers' Disclosure of Private Equity Companies and Real Estate Investment Trust, 88 Fed. Reg. 80141 (Nov. 17, 2023) (codified at 42 C.F.R. Parts 424 and 455).
[40] Health Affairs. Private Equity Acquisitions in Primary Care: Changes in Utilization, Spending, and Workforce. June 2026.
[41] Georgetown Center on Health Insurance Reforms (CHIR), State Policymakers Show Growing Interest in Ownership Transparency in 2025. August 7, 2025. Available at State Policymakers Show Growing Interest in Ownership Transparency in 2025 | Center on Health Insurance Reforms (last accessed July 6, 2026).
[42] Centers for Medicare & Medicaid Services (CMS), Medicare and Medicaid Programs; Disclosures of Ownership and Additional Disclosable Parties Information for Skilled Nursing Facilities and Nursing Facilities; Medicare Providers' and Suppliers' Disclosure of Private Equity Companies and Real Estate Investment Trust, 88 Fed. Reg. 80141 (Nov. 17, 2023) (codified at 42 C.F.R. Parts 424 and 455).
[43] *Id.*
[44] Federal Trade Commission, Premerger Notification; Reporting and Waiting Period Requirements, Final Rule, 89 Fed. Reg. 89216 (Nov. 12, 2024), codified at 16 C.F.R. Parts 801-803. Available at Premerger Notification: Reporting and Waiting Period Requirements: Final Rule (last accessed July 6, 2026).

A transaction involving a private-equity group or hedge fund cannot be fully evaluated without understanding the broader health care holdings. Portfolio information allows OHCA to determine whether a proposed transaction is part of a larger consolidation effort affecting competition, affordability, quality, access, or workforce stability. Documentation regarding these relationships is also necessary to identify common ownership, serial acquisition strategies, cross-market holdings, and the entities exercising ultimate control.

In response to public comments, OHCA amended the language to clarify that private equity groups or hedge funds must provide documentation for the health care entities and MSOs owned, controlled, or financed. This lessens the administrative burden of producing broader documentation while still effectuating the intent of the Act to focus on a transaction's effects on the provision of health care services.

§ 97438 Subsection (c)(8)

OHCA requests documentation showing the names of health care entities that MSOs provide services to.

> (8) For management services organizations, documentation showing the names of all health care entities to which management and administrative support services are provided;

This information is necessary to evaluate the transaction's impact on the health care market. Without knowing the health care entity clients of the MSO, OHCA would be unable to estimate the relevant market for an economic analysis of the transaction.

§ 97438 Subsection (c)(11)

This subsection requires submitters who are private equity groups or hedge funds to provide documentation showing the financing structures for the transaction.

> (11) For private equity groups or hedge funds, documentation sufficient to show the ratio of debt to enterprise value or ratio of debt to equity, the source of any debt, and the post-recapitalization debt ratio for any acquired health care entity or management services organization;

This subsection is necessary for OHCA to evaluate whether a transaction may affect affordability, quality, workforce stability, and access to care. Transactions involving private equity groups and hedge funds frequently involve leveraged acquisition structures in which substantial debt is incurred in connection with the acquisition.[45] Debt

[45]California Health Care Foundation (CHCF), Private Equity in Health Care: Prevalence, Impact and Policy Options for California and the U.S. May 2024. Available at Private Equity in Health Care: Prevalence, Impact, and Policy Options for California and the US (last accessed July 6, 2026).

obligations may affect staffing decisions, service offerings, facility maintenance, and long-term financial stability.[46] [47] Disclosure of these arrangements provides OHCA with information necessary to evaluate the economic consequences of a transaction. OHCA received one comment on this provision noting that this specific provision is "particularly important because it reveals how the deal is financed and what debt burden may be placed on the provider or MSO after closing."[48]

§ 97438 Subsection (c)(14)

OHCA requests analyses or documents supporting the submitter's responses in the notice, including presentations shared with investors or governing body members.

(~~11~~14) Any analysis and/or documents supporting the submitter's responses to the narrative answers provided pursuant to subsection (b), including documents or presentations shared with investors or the governing body of the health care entity or noticing entity; and

OHCA has found through experience that these types of documents are particularly useful in analyzing the intention, purpose, and scope of a transaction.

§ 97438 Subsection (c)(15)

OHCA requests documentation identifying any financial incentives for those with the right to exercise management or operational responsibility for the entity that is subject to the transaction.

(15) Documentation of any options, compensation, or other financial incentive where the recipient is an officer, director, or person who otherwise has the right to exercise management or operational responsibility with respect to the health care entity subject to the transaction. This includes any compensation or financial incentive contingent on the close of the transaction.

This information is necessary to evaluate, and provide public transparency into, the scope and impact of the transaction. Financial incentives may not be included in the transaction agreement but may significantly impact how the parties behave after the transaction.

[46] California Health Care Foundation (CHCF), Private Equity in Health Care: Prevalence, Impact and Policy Options for California and the U.S. May 2024. Available at Private Equity in Health Care: Prevalence, Impact, and Policy Options for California and the US (last accessed July 6, 2026).
[47] Office of Senator Edward J. Markey. The Steward Health Care Report: How Corporate Greed Hurt Patients, Health Workers, and Communities. September 2024. Available at The Steward Health Care Report (last accessed July 6, 2026).
[48] Private Equity Stakeholder Project letter, dated June 11, 2026, in Underlying Data.

§ 97438 Subsection (d)

OHCA is moving the confidentiality provisions into their own section for ease of use. The text is relocated to section 97437 (see above for full discussion).

Amend section 97439 of Title 22, Request for Expedited Review of Notices of Material Change Transaction.

§ 97439 Subsection (b)(3)

OHCA provides a process for submitters to request expedited review of the transaction. The submitter must demonstrate that one or more of the parties is in severe financial distress, there is a substantial likelihood of a significant reduction in health care services, or an urgent situation exists such as a natural disaster where the public interest would be served by expedited review. This newly proposed third provision provides an additional mechanism for submitters to request and receive an expedited review of the transaction.

(b) A submitter must demonstrate that ~~either~~ any one or more of the conditions below exists:
…

(3) An urgent situation exists (including, without limitation, a public health emergency, natural disaster, or legal mandate), not of the submitter's own making, in which the public interest would be best served by an expedited review.

OHCA is adding this provision based on stakeholder input as necessary to facilitate review during urgent situations not otherwise covered by the first two provisions.

Amend section 97440 of Title 22, Timing of Review of Notice and Tolling.

This subsection explains the timing of OHCA's review of notices of material change transactions. OHCA identifies that the timing of 45-day and 60-day review periods may be tolled while OHCA waits for further information from the parties or from a third party when the information is necessary to complete the review.

(b) Tolling of 45-day and 60-day periods.
(1) The 45-day and 60-day periods shall be tolled during any time period in which the Office has requested and is awaiting further information from the parties to a material change transaction or from a third party necessary to complete its review.

OHCA received several comments expressing concern about this amendment, with one requesting a limit to how long OHCA can toll the review period while waiting for information from third parties. OHCA considered these concerns but determined that the

provision is necessary. Information from third parties is sometimes necessary to complete review of the transaction to determine whether a CMIR is required. Although rare, in these cases, OHCA must either toll the review period to receive the necessary information or move forward with a CMIR.

Amend section 97441 of Title 22, Review of Material Change Transaction Notice; Decision to Conduct Cost and Market Impact Review.

Section 97441 contains the factors for OHCA to consider when determining whether to conduct a CMIR as well as the process following a determination to conduct a CMIR.

§ 97441 Subsection (a)(1)(G)

OHCA identifies ten factors to consider when determining whether to conduct a CMIR including whether the transaction involves a real estate investment trust (REIT).

> (G) The transaction involves a real estate investment trust (REIT) or other investing party, the terms of which could weaken the financial status of the health care entity or place access to care at risk.

Without this provision, OHCA would require information about real estate as part of the notice and filing requirements but would not be able to consider detrimental impacts of REITs or other investing parties when determining whether to conduct a CMIR. The inclusion of this factor does not mean that OHCA will always conduct a CMIR when a transaction involves a real estate investment, but that the involvement may be a consideration when the terms could weaken the financial status of the health care entity or place access to care at risk. This factor will be considered along with the nine other factors.

§ 97441 Subsection (b)(3) and (4)

Following a determination to conduct a CMIR, submitters have the option to request a review of the determination. Currently, when OHCA receives a request for review, the Director may either decline review and uphold the determination or grant the request and waive a CMIR. Based on experience and stakeholder input, OHCA proposes a new third option for the Director to remand the determination. If the Director remands the determination, OHCA will conduct an additional review based on information provided in the request, after which the Director may uphold the determination or issue a waiver.

> (3) Within five business days of receipt of a request for review, the Director shall either:
> (A) Decline review and uphold the determination that a CMIR is required; or
> (B) Remand the determination based upon information submitted in (b)(1)(E); or
> (~~B~~C) Grant the request and waive a CMIR.
> (4) If the Director remands pursuant to subsection (b)(3)(B), the Office will have

30 calendar days to conduct an additional review as directed in the remand order. This period may be tolled if the Office needs additional information or documents from the parties to conduct the review or if the Office needs additional time to conduct the review. At the conclusion of this review, the Director may uphold the determination or issue a waiver.

This subsection allows submitters to provide information to OHCA that they feel is important to consider when determining whether to conduct a CMIR such as their own data and analyses of the transaction and market impacts. This process is not meant to replace a full CMIR but instead gives submitters the opportunity to present additional evidence and information. Thirty days is the default review period because the information may need to be researched and clarified to prepare a sufficient response to the remand order. A tolling provision is added, as has been described above, because additional data may take time to obtain from either the submitter or a third party.

Amend section 97442 of Title 22, Cost and Market Impact Review Timeline and Factors; Preliminary and Final Reports.

This section includes the timeline and process for conducting a CMIR. OHCA includes subsection (b) to explain how documents may be submitted during a CMIR.

§ 97442 Subsection (b)

(b) Documents Submitted After Determination to Conduct CMIR. After its determination to conduct a CMIR, the Office may request the submitter or other entities submit documents and information through the submitter portal or designated secure file share.
(1) When submitting documents and information to the Office, submitter and entities shall include a response log that outlines all documents and information produced to the Office and their location in the submitter portal or designated secure file share. Based on the information or documents sought by the Office, the Office may request additional details be noted in the log.
(2) Submitter and entities may also request confidential treatment of documents and information provided to OHCA. These requests shall be made in the log by indicating which documents should be subject to confidential treatment and specifying why the document is nonpublic. Confidentiality requests shall be made in accordance with section 97437.
(3) With the exception of disclosure pursuant to sections 127507.2(c)(1) and 127507.2(d)(1) of the Code, the Office and the Department shall keep confidential all nonpublic information and documents designated as confidential pursuant to this section.

OHCA's statute and current regulations do not have a process for how documents are submitted to OHCA during a CMIR or how submitters may obtain confidential treatment of such documents. Including this subsection is necessary to efficiently review

documents submitted during a CMIR and is based on the three CMIRs that OHCA has commenced to date. Based on OHCA's experience, there is a much higher volume of documents and requests for confidentiality submitted for a CMIR than a notice. Including a log that outlines all documents, their location, and whether confidentiality is requested will allow OHCA to more efficiently review information and will help both submitters and OHCA with tracking voluminous document productions and confidentiality requests.

ANTICIPATED BENEFITS OF THE PROPOSAL

This emergency proposal will fill gaps in regulatory oversight for transactions not reviewed by any state agency. As OHCA is not currently authorized to block a transaction, this proposal will increase public transparency by adding PE groups, hedge funds, MSOs, newly created business entities, and entities that own, operate, or control a provider to the list of entities required to file a notice before a transaction. These changes will better enable OHCA to monitor the potential impact of mergers and acquisitions on health care delivery and determine negative consequences for market competition and consumer affordability.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENT(S) RELIED UPON:

Other State and Federal Laws and Regulations:

Federal Regulations

- Federal Trade Commission, Premerger Notification; Reporting and Waiting Period Requirements, Final Rule, 89 Fed. Reg. 89216 (Nov. 12, 2024), codified at 16 C.F.R. Parts 801-803.
- Centers for Medicare & Medicaid Services (CMS), Medicare and Medicaid Programs; Disclosures of Ownership and Additional Disclosable Parties Information for Skilled Nursing Facilities and Nursing Facilities; Medicare Providers' and Suppliers' Disclosure of Private Equity Companies and Real Estate Investment Trust, 88 Fed. Reg. 80141 (Nov. 17, 2023) (codified at 42 C.F.R. Parts 424 and 455)
- 16 C.F.R. § 801.1(i)(1)

Federal (Other)

- U.S. Department of Justice and Federal Trade Commission, 2023 Merger Guidelines (Dec. 18, 2023)

Massachusetts

- 958 Mass. Code Regs. § 7.00 (Mass. Reg. No. 1573, May 8, 2026)

Legislation/Bill Analysis:

- Assembly Bill No .1415 (2025-2026 Reg. Sess.)
- AB 1415 Assembly Committee on Health, Analysis of Assembly Bill No. 1415, April 22, 2025.

Cases:

- *Federal Trade Commission v. U.S. Anesthesia Partners, Inc. and Welsh, Carson, Anderson & Stowe,* Complaint (S.D. Tex, filed September 21, 2023, available at https://www.ftc.gov/system/files/ftc_gov/pdf/2010031usapcomplaintpublic.pdf, last accessed October 26, 2023.

Reports/Articles/Other Resources:

- California Health Care Foundation (CHCF), Private Equity in Health Care: Prevalence, Impact and Policy Options for California and the U.S. May 2024. Available at Private Equity in Health Care: Prevalence, Impact, and Policy Options for California and the US
- American Antitrust Institute. Monetizing Medicine: Private Equity and Competition in Physician Practice Markets. July 10, 2023. Available at AAI-UCB-EG_Private-Equity-I-Physician-Practice-Report_FINAL.pdf
- Health Affairs. The Missing Piece in Health Care Transparency: Ownership Transparency. September 22, 2023. Available at The Missing Piece In Health Care Transparency: Ownership Transparency | Health Affairs
- Private Equity Stakeholder Project (PESP), Recent Policy and Regulatory Initiatives to Address Private Equity's Negative Impacts in Healthcare. 2025. Available at PESP_Report_Healthcare-Policy_2024-compressed.pdf
- Office of Senator Edward J. Markey. The Steward Health Care Report: How Corporate Greed Hurt Patients, Health Workers, and Communities. September 2024. Available at The Steward Health Care Report
- Health Affairs. Private Equity Acquisitions in Primary Care: Changes in Utilization, Spending, and Workforce. June 2026.
- Wood, S., Petrie-Flom Center, Harvard Law School. A Health Care Betrayal: The Ethical Crisis Surrounding Steward Health and the Demise of Community Hospitals. November 22, 2024. Available at A Health Care Betrayal: The Ethical Crisis Surrounding Steward Health and the Demise of Community Hospitals - Petrie-Flom Center
- Rooke-Ley H, Reddy M, Mehta N, Singh Y, Brown EF. The Corporate Backdoor to Medicine: How MSOs are Reshaping Physician Practices. The Milbank Memorial Fund. April 28, 2025. Available at MSO-Policy-Brief_4.16-1.pdf

- Georgetown Center on Health Insurance Reforms (CHIR), State Policymakers Show Growing Interest in Ownership Transparency in 2025. August 7, 2025. Available at State Policymakers Show Growing Interest in Ownership Transparency in 2025 | Center on Health Insurance Reforms
- Ekaireb, R., Yap, A., and Kucejko, R. Vertical integration and market consolidation in healthcare: Policy drivers and impact on physicians and patient care. Seminars in Colon and Rectal Surgery. July 23, 2024. Available at Vertical integration and market consolidation in healthcare: Policy drivers and impact on physicians and patient care - ScienceDirect (last accessed July 6, 2026)

Public meetings:

- May 27, 2026 Board Meeting, Relevant Presentation Slides, Minutes
- June 24, 2026 Board Meeting, Relevant Presentation Slides, Minutes
- July 8, 2026 Advisory Committee Meeting, Relevant Presentation Slides, Minutes

Written comments received and considered:

- June 5, 2026 letter from Anonymous Investor
- June 11, 2026 letter from American Investment Council
- June 11, 2026 letter from America's Physician Group
- June 11, 2026 letter from California Association of Health Facilities
- June 11, 2026 letter from California Association of Health Plans
- June 11, 2026 letter from California Hospital Association
- June 11, 2026 letter from California Independent Physician Practice Association
- June 11, 2026 letter from California Medical Association
- June 11, 2026 letter from Health Access
- June 11, 2026 letter from Kaiser
- June 11, 2026 letter from Private Equity Stakeholder Project
- June 11, 2026 letter from the University of California

CONSISTENCY AND COMPATIBILITY WITH EXISTING STATE REGULATIONS

During the process of developing these regulations, HCAI conducted a search of any similar regulations on this topic and concluded these regulations are neither inconsistent nor incompatible with existing state regulations.

LOCAL MANDATE

No local mandate is imposed on a local agency or school district that requires reimbursement pursuant to Government Code section 17500 *et seq*.

DISCLOSURES REGARDING THE PROPOSED ACTION:

FISCAL IMPACT ESTIMATES

Cost or savings to any local agency or school district requiring reimbursement pursuant to Government Code section 17500 *et seq.*: None.

Cost or savings to any state agency:

The authorizing legislation contained an appropriation for OHCA's CMIR program, including staffing, contracting resource allocation for IT software, services and infrastructure, and consulting contracts for expert services needed to support OHCA's reviews of transactions. Therefore, although the need exists for staff reviewing transactions and funding for contracts for expert services, the costs are attributable directly to the legislation.

Cost to any local agency or school district which must be reimbursed in accordance with Government Code sections 17500 through 17630: None.

Other nondiscretionary cost or savings imposed on local agencies: None.

Cost or savings in federal funding to the state: None.