

**OFFICE OF HEALTH CARE AFFORDABILITY
PROMOTION OF COMPETITIVE HEALTH CARE MARKETS;
HEALTH CARE AFFORDABILITY;
COST AND MARKET IMPACT REVIEWS**

PROPOSED TEXT

**Title 22, California Code of Regulations
Division 7. Health Planning and Facility Construction**

Chapter 11.5. Promotion of Competitive Health Care Markets; Health Care Affordability

Article 1. Material Change Transactions and Pre-Transaction Review.

§ 97431. Definitions.

(b) "Cost and market impact review" or "CMIR" shall mean the review conducted by the Office pursuant to section 127507.2 of the Health and Safety Code ("the Code").

- (j) "Material change transaction," as used in section 127507(c)(1) of the Code, shall mean a transaction as defined in subsection (p) 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, meaning those that are typical in the day-to-day operations of the health care entity.
 - (2) Situations in which the health care entity directly, or indirectly through one or more intermediaries, already controls, is controlled by, or is under common control with, all other parties to the transaction, such as a corporate restructuring.

NOTE: Authority cited: Sections 127501, 127501.2 and 127507, Health and Safety Code. Reference: Sections 127500.2, 127507 and 127507.2, Health and Safety Code.

§ 97438. Filing of Notices of Material Change Transactions.

- (d) Confidentiality of Documents Submitted with Notice. All of the information provided to the Office by the submitter shall be treated as a public record unless the submitter designates documents or information as confidential when submitting through the Office portal system and the Office accepts the designation in accordance with paragraphs (1) through (3) below.

- (2) Marked-confidential versions of stock purchase agreements, compensation documents, contract rates, transaction valuation documentation provided in response to subsection (c)(3), and unredacted résumés are deemed confidential and nonpublic by the Office, pursuant to section 127507.2(c)(2) of the Code.

NOTE: Authority cited: Sections 127501 and 127501.2, Health and Safety Code.
Reference: Sections 127507, 127507.2 and 127507.4, Health and Safety Code.

§ 97442. Cost and Market Impact Review Timeline and Factors; Preliminary and Final Reports.

- (a) Timeline for Completion of a Cost and Market Impact Review.
The Office shall complete a CMIR within 90 days of the final decision by the Office to conduct a CMIR, subject to subsections (a)(1) through (3):

- (d) Final Report of Findings. The Office shall issue a final report of its findings pursuant to subdivision (a)(5) of section 127507.2 of the Code within 15 days of the close of the comment period in subsection (c)(2), unless the Office extends this time for good cause shown. Good cause means a finding based upon a preponderance of the evidence that there is a factual basis and substantial reason for the extension. Good cause may be found, for instance, when the Office requires additional time to review and evaluate written comments regarding the preliminary report.

NOTE: Authority cited: Sections 127501 and 127501.2, Health and Safety Code.
Reference: Sections 127500.5, 127502.5, 127507 and 127507.2, Health and Safety Code.