

**Subject** Health care entity transactions

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## Overview

This bill establishes notice and review requirements for health care entities seeking to enter into a transaction and authorizes the attorney general to seek relief if a health care entity or transaction violates the notice and review requirements or is contrary to the public interest. It also extends the moratorium on conversion transactions by nonprofit service plan corporations and nonprofit health maintenance organizations to July 1, 2026; requires an amount equal to the value of certain charitable assets held by a health system or nonprofit HMO to be deposited in the general fund in certain circumstances; limits the ownership or control of University of Minnesota health care facilities; requires the commissioner of health to study and develop recommendations on the regulation of transactions involving nonprofit and for-profit health maintenance organizations; and appropriates money to the commissioner of health.

## Summary

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| 1 | <p><b>Restricted uses of the all-payer claims data.</b></p> <p>Amends § 62U.04, subd. 11. Modifies the allowable uses of data in the all-payer claims database, to allow the commissioner to use the data to analyze the impact of health care transactions on health care costs, market consolidation, and quality.</p>  |
| 2 | <p><b>Requirements for certain health care entity transactions.</b></p> <p>Adds § 145D.01. Establishes notice and review requirements for health care entities seeking to enter into a transaction that meets certain criteria and authorizes the attorney general to seek relief if a health care entity or transaction violates this section or is contrary to the public interest.</p> <p><b>Subd. 1. Definitions.</b> Defines terms for this section: captive professional entity, commissioner, health care entity, health care provider, health care provider</p> |

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group practice, hospital, medical foundation, and transaction. Also lists actions that are not included in the definition of transaction.

**Subd. 2. Notice required.** Para. (a) provides the notice requirements in this subdivision apply to a transaction in which the health care entity involved in the transaction has average revenue of at least \$40,000,000 per year, or an entity created by the transaction is projected to have average revenue of at least \$40,000,000 per year.

Para. (b) requires a health care entity, at least 90 days before the proposed completion date of a transaction, to provide notice to the attorney general and the commissioner of health and comply with this subdivision.

Para. (c) requires a health care entity to affirmatively disclose the listed information to the attorney general and commissioner, at least 90 days before the proposed completion date of the transaction.

Para. (d) requires a health care entity to affirmatively submit the listed documents to the attorney general and commissioner, at least 90 days before the proposed completion date of the transaction.

Paras (e) and (f) allow the attorney general to extend or waive the notice and waiting period.

Para. (g) allows the attorney general or commissioner to hold public listening sessions to obtain input on the transaction.

Para. (h) allows the attorney general or commissioner to bring an action in district court to compel compliance with the notice requirements.

**Subd. 3. Prohibited transactions.** Prohibits a health care entity from entering into a transaction that will substantially lessen competition or tend to create a monopoly or monopsony.

**Subd. 4. Additional requirements for nonprofit health care entities.** Requires a nonprofit health care entity, or a subsidiary of a nonprofit health care entity, to comply with the listed requirements before entering into a transaction.

**Subd. 5. Attorney general enforcement and supplemental authority.** Allows the attorney general to bring an action in district court to enjoin or unwind a transaction or seek other relief if a health care entity or transaction violates this section, if the transaction is contrary to the public interest, or both. Lists factors informing whether a transaction is contrary to the public interest. Allows the attorney general to enforce this section under section 8.31 (this section includes attorney general authority to investigate violations of law, seek injunctive relief,

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and impose civil penalties). States that a court may enjoin a transaction or provide other relief if the entities involved in the transaction do not provide information required by the attorney general or commissioner. Requires the commissioner to provide certain data and research to the attorney general, upon request, for the attorney general to use when determining whether a transaction is contrary to the public interest.

**Subd. 6. Supplemental authority of commissioner.** Allows the commissioner to use data submitted under this section or under other law to analyze the impact of health care transactions on health care access, market consolidation, and health care quality. Requires the commissioner to issue periodic public reports on transactions subject to this section and their impacts on health care cost, quality, and competition.

**Subd. 7. Classification of data.** Para. (a) classifies data provided by a health care entity to the attorney general and commissioner under this section as protected nonpublic data or confidential data on individuals, and allows the attorney general or commissioner to make this data public in certain circumstances.

Para. (b) classifies data exchanged between the attorney general and commissioner under subdivision 5 as confidential data on individuals or protected nonpublic data, and allows the commissioner to share not public data with the attorney general.

**Subd. 8. Relation to other law.** Provides the powers and authority under this section are in addition to the rights, powers, and authority in other law, and provides nothing in this section suspends obligations imposed by other laws on entities involved in a transaction.

This section is effective the day following final enactment and applies to transactions completed on or after that date.

3	<b>Charitable assets; return to general fund; ownership or control of University of Minnesota health care facilities.</b>
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Adds § 309.715.

**Subd. 1. Return of charitable assets.** Requires a Minnesota-licensed nonprofit HMO, or a health system organized as a charitable organization, to return to the general fund an amount equal to the value of any charitable assets the HMO or health system received from the state if the HMO or health system sells or transfers control to an out-of-state, nonprofit entity or to any for-profit entity.

**Subd. 2. University of Minnesota health care facilities; ownership or control.** States that the importance of the University of Minnesota health care facilities to

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the state must be recognized, and requires the University of Minnesota health care facilities to remain dedicated to the university's public health care mission. Prohibits the University of Minnesota health care facilities from being owned or controlled by a for-profit entity or out-of-state entity, unless the attorney general, in consultation with the commissioner of health and Board of Regents, determines ownership or control by a for-profit entity or out-of-state entity is in the public interest.

This section is effective the day following final enactment and applies to the specified transactions completed on or after that date.

**4 Moratorium on conversion transactions.**

Amends Laws 2017, First Special Session ch. 6, art. 5, § 11, as amended. Extends the date for the expiration of the moratorium on conversion transactions by nonprofit service plan corporations or nonprofit health maintenance organizations to July 1, 2026. (In current law the moratorium expires July 1, 2023.) This section is effective the day following final enactment.

**5 Study and recommendations; nonprofit health maintenance organization conversions and other transactions.**

Requires the commissioner of health to study and make recommendations on the regulation of conversions, mergers, transfers of assets, and other transactions affecting nonprofit and for-profit health maintenance organizations. Lists elements the recommendations must address. In conducting the study, allows the commissioner to use data the commissioner already holds from health maintenance organizations or health carriers, and to collect additional data from health maintenance organizations and related companies. Classifies data collected by the commissioner. Requires the commissioner to seek public comments on the regulation of conversion transactions. Allows the commissioner to use existing enforcement authority if a health maintenance organization fails to comply with a request for information. Requires preliminary findings to be submitted to certain members of certain legislative committees by January 15, 2024, and requires a final report to be submitted to the legislature by June 30, 2024.

**6 Appropriations.**

Appropriates money in fiscal years 2024 and 2025 from the general fund to the commissioner of health for purposes of section 145D.01, and for a study on nonprofit health maintenance organization conversions and other transactions.



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