

Subject Transparency in health care entity ownership or control; corporate practice of medicine

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Article 1: Transparency of Health Care Entity Ownership or Control

Section Description - Article 1: Transparency of Health Care Entity Ownership or Control

1 Remedies available.

Amends § 144.99, subd. 1. Adds chapter 145E (the chapter created in this article on transparency of health care entity ownership or control) to the statutes the commissioner of health may enforce using the powers and authority in the Health Enforcement Consolidation Act (HECA).

2 Definitions.

Adds § 145E.01. Defines terms for chapter 145E: affiliate, commissioner, control, group practice, health care entity, health care facility, health care provider, health insurer, health professional, licensee, management services organization, ownership or investment interest, pharmacy benefit manager, private equity fund, provider organization, significant equity investor, and transaction.

3 Reporting required; ownership and control of health care entity.

Adds § 145E.05. Establishes reporting requirements for health care entities related to ownership and control of the health care entity, provides exceptions to the reporting requirements, and permits the commissioner to consolidate reporting requirements to minimize duplicative reporting.

Subd. 1. Information that must be reported. Requires a health care entity to report the following information regarding the health care entity to the commissioner, in a form and manner specified by the commissioner: legal name; business address; locations of operations; business identification numbers; name and contact information for a representative; name, address, and business identification numbers for each person that has an ownership or investment interest, has a controlling interest, is a management services organization, or is a significant equity investor; a current organizational chart; for provider organizations and health care facilities, information on affiliated health care providers and health care facilities; information on the governing body of the health care entity and entities owned, controlled by, affiliated with, or under

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common control with the health care entity; and the most recent financial reports. Requires the information to be reported by March 1, 2027, and each March 1 thereafter and upon completion of a transaction involving the health care entity on or after January 1, 2027.

Subd. 2. Exemptions. Exempts an independent provider organization consisting of two or fewer licensees from the annual reporting requirement in subdivision 1. Exempts from the annual reporting requirement and requirement to report upon completion of a transaction, a health care provider or provider organization that is owned or controlled by another health care entity, if the controlling health care entity reports on behalf of the health care provider or provider organization and shows the health care provider or provider organization on its organizational chart. Specifies that a health care facility must report under subdivision 1 even if a controlling health care entity reports on its behalf and the facility is shown on the controlling health care entity's organizational chart.

Subd. 3. Consolidation of reporting requirements. Allows the commissioner to consolidate reporting requirements under this section with reporting requirements in other laws to minimize or prevent duplicative reporting.

4 Publication of information on ownership or control.

Adds § 145E.06. Requires the commissioner to issue a public report by June 1 each year on ownership or control of health care entities, and specifies what must be included in the public report. Specifies information reported to the commissioner is public, except for taxpayer identification numbers that are also Social Security numbers. Permits the commissioner to share taxpayer identification numbers that are also Social Security numbers for certain purposes.

Subd. 1. Public report. By June 1, 2027, and each June 1 thereafter, requires the commissioner to publish on the Department of Health website, the following information for the most recent reporting period: the number of health care entities that reported; the names, addresses, and business structures of entities with an ownership or controlling interest in each health care entity; any changes in ownership or control of a health care entity; any change in a health care entity's tax identification number; the name and other information of affiliates under common control with the health care entity, subsidiaries of the health care entity, and management services organizations under contract with the health care entity; and an analysis of trends in consolidation among health care entities. Prohibits a health care entity from classifying information included in the public report as confidential, proprietary, or trade secret.

Subd. 2. Data practices. Specifies information reported to the commissioner under section 145E.05 is public, except for an individual health care

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professional's taxpayer identification number that is also the professional's Social Security number.

Subd. 3. Data sharing. Allows the commissioner to share an individual health care professional's taxpayer identification number that is also the professional's Social Security number with the listed entities to minimize or prevent duplicative reporting or facilitate oversight of health care entities and enforcement activities.

5 Regulatory authority.

Adds § 145E.07. Permits the commissioner to adopt rules to implement this chapter, including rules on the listed subjects. Requires a health care entity to submit with its required reports, a fee in a blank amount to defray a portion of the commissioner's costs under this chapter. Provides these fees must be deposited in the state treasury and credited to the state government special revenue fund.

6 Enforcement.

Adds § 145E.08. Permits the commissioner to audit and inspect the records of a health care entity if the entity fails to report, submits an incomplete report, or fails to submit a report in the form and manner specified by the commissioner. Requires the commissioner to audit a random sample of health care entities to verify compliance with the reporting requirements. Allows the commissioner to assess a civil penalty if a health care entity fails to submit a complete report or submits a report with false information and provides the Health Enforcement Consolidation Act applies to civil penalties imposed under this section.

7 Appropriations.

Makes a blank appropriation in fiscal year 2027 from the general fund to the commissioner of health for purposes of Minnesota Statutes, chapter 145E.

Article 2: Corporate Practice of Medicine

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1 Governance authority.

Adds cross-references.

2 Corporate practice of medicine.

Adds § 319B.41.

Subd. 1. Definitions. Provides definitions for affiliate, control, health care provider, licensee, management services organization, medical practice, practice-

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based compensation, private equity fund, provider organization, and significant equity investor.

Subd. 2. Prohibition. Prohibits any person besides a licensee from owning a medical practice, employing licensees, or otherwise engaging in the practice of medicine.

Subd. 3. Requirements. (a) Requires licensee owners of a medical practice to show meaningful ownership of the practice.

(b) Prohibits a shareholder, director, officer, or partner of a medical practice from managing both a medical practice and a management services organization or receiving substantial compensation from a management services organization in exchange for ownership or management of the medical practice.

(c) Prohibits a medical practice from transferring or encumbering the practice's shares or assets.

(d) Prohibits a medical practice from transferring or relinquishing control over the issuing of its shares.

(e) Deems a nondisclosure or nondisparagement agreement between a licensee and a management services organization void.

(f) Prohibits any entity besides a medical practice from advertising medical practice services under a name besides the medical practices'.

Subd. 4. Relinquishing control; interference. (a) Prohibits a medical practice from relinquishing control over its administrative, business, or clinical operations that may affect clinical decision-making or the quality of medical care.

(b) Clarifies that conduct under paragraph (a) includes relinquishing ultimate control over hiring and termination of employees; disbursement of revenue from physician services; setting staffing levels; collaboration with other medical services providers; making diagnostic coding, clinical standards, or billing and collection policies; setting the prices for a licensee's services; or negotiating contracts with third-party payors.

(c) Clarifies that the conduct described in paragraph (b) does not prohibit the collection of quality metrics or setting criteria for reimbursement.

(d) Prohibits a medical practice from interfering with the professional judgment of a licensee. Lists conduct that is prohibited.

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(e) Allows a medical practice to delegate administrative, business, or clinical operations to a managed services organization if the practice's shareholder agreement delegates authority exclusively to the shareholders who are licensees and the delegation does not relinquish control of the medical practice.

Subd. 5. Compensation prohibition for management and administrative services. (a) Prohibits entities that provide management or administrative services from receiving compensation based on the income of or volume of health care provided by the medical practice.

(b) Prohibits entities that provide management or administrative services for compensation from receiving more than the services' fair market value.

Subd. 6. Enforcement. Requires the attorney general to enforce this section.



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