

By: Frank

H.B. No. 2747

A BILL TO BE ENTITLED

AN ACT

relating to requiring certain health care entities to submit notice of material change transactions to the attorney general and the attorney general's authority to conduct certain related studies; imposing civil and administrative penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Healthcare patients and consumers benefit when there are robust markets for goods and services, in which providers of coverage and care compete to offer higher-quality care and better prices. Consolidation in healthcare markets has reduced competition and driven up prices. The purpose of this Act is to promote competitive markets by strengthening the state's ability to enforce laws and prevent anti-competitive behavior.

SECTION 2. Title 2, Business & Commerce Code, is amended by adding Chapter 15A to read as follows:

CHAPTER 15A. MATERIAL CHANGE TRANSACTIONS INVOLVING HEALTH CARE

ENTITIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 15A.0001. DEFINITIONS. In this chapter:

(1) "Attorney general" and "person" have the meanings assigned by Section 15.03.

(2) "Health care entity" means a health care provider, health care facility, provider organization, pharmacy benefit manager, or health carrier that offers a health benefit plan in this

1 state.

2 (3) "Health care facility" means a facility licensed  
3 to provide health care services, including:

4 (A) a hospital or other inpatient facility for  
5 providing health care services;

6 (B) a health system consisting of jointly owned  
7 or managed health care entities;

8 (C) a skilled nursing facility licensed under  
9 Chapter 242, Health and Safety Code;

10 (D) an ambulatory surgical center licensed under  
11 Chapter 243, Health and Safety Code;

12 (E) a freestanding emergency medical care  
13 facility licensed under Chapter 254, Health and Safety Code;

14 (F) a general residential operation licensed  
15 under Chapter 42, Human Resources Code, that provides treatment  
16 services;

17 (G) a diagnostic, laboratory, or imaging center;

18 (H) an outpatient clinic licensed in this state  
19 to provide health care services; or

20 (I) a rehabilitation center or other therapeutic  
21 center licensed in this state to provide health care services.

22 (4) "Health care provider" means an individual  
23 qualified or licensed to perform or provide health care services in  
24 this state.

25 (5) "Health care services" means:

26 (A) services provided for the care, prevention,  
27 diagnosis, treatment, cure, or relief of a medical, dental, or

1 behavioral health condition, including:

2 (i) inpatient, outpatient, habilitative,  
3 rehabilitative, dental, palliative, therapeutic, supportive, home  
4 health, or behavioral services provided by a health care entity;

5 (ii) retail and specialty pharmacy  
6 services, including drugs, devices, and medical supplies provided  
7 by a pharmacy; and

8 (iii) performance of functions to refer,  
9 arrange, or coordinate health care services;

10 (B) equipment used to provide services described  
11 by Paragraph (A), including durable medical equipment and  
12 diagnostic, infusion, and surgical devices; and

13 (C) technology associated with the provision of  
14 services and equipment described by Paragraphs (A) and (B),  
15 including telehealth services, telemedicine medical services,  
16 electronic health records, software, claims processors, and  
17 utilization systems.

18 (6) "Health carrier" has the meaning assigned by  
19 Section 1507.002, Insurance Code.

20 (7) "Management services organization" means an  
21 organization or entity that contracts with a health care provider  
22 or provider organization to perform management or administrative  
23 services relating to, supporting, or facilitating the provision of  
24 health care services.

25 (8) "Material change transaction" means a transaction  
26 that entails a material change to ownership, operations, or  
27 governance structure of a legal entity.

1           (9) "Pharmacy benefit manager" has the meaning  
2 assigned by Section 4151.151, Insurance Code.

3           (10) "Provider organization" means an incorporated or  
4 unincorporated corporation, partnership, business trust,  
5 association, or organized group of persons that is in the business  
6 of health care service delivery or management and that represents  
7 at least one health care provider in contracting with a health  
8 carrier for the payment of health care services. The term includes  
9 a physician organization, physician-hospital organization,  
10 independent practice association, provider network, accountable  
11 care organization, management services organization, or other  
12 organization that contracts with a health carrier for the payment  
13 of health care services.

14           Sec. 15A.0002. APPLICABILITY OF CHAPTER TO MATERIAL CHANGE  
15 TRANSACTIONS; EXCEPTIONS. (a) This chapter applies only to the  
16 following material change transactions, whether occurring as a  
17 single transaction or a series of related transactions within a  
18 consecutive 12-month period:

19           (1) a merger that includes one or more health care  
20 entities;

21           (2) a sale or other acquisition, including by lease,  
22 transfer, exchange, option, receipt through conveyance, and  
23 creation of a joint venture, of:

24                   (A) one or more health care entities, including  
25 insolvent health care entities; or

26                   (B) a material amount of the assets or operations  
27 of one or more health care entities;

1           (3) a contract or other arrangement, including an  
2 association, partnership, or joint venture, that results in a  
3 person acquiring direct or indirect control over all or a  
4 substantial part of a health care entity's operations or  
5 governance;

6           (4) the formation of a partnership, joint venture,  
7 accountable care organization, parent organization, or management  
8 services organization for the purpose of administering contracts  
9 with health carriers, third-party administrators, pharmacy benefit  
10 managers, or health care providers;

11           (5) the sale, purchase, lease, affiliation, or  
12 transfer of control of a health care entity's board of directors or  
13 other governing body; or

14           (6) a real estate sale or lease agreement involving a  
15 material amount of health care entity assets.

16           (b) This chapter does not apply to the following:

17           (1) a clinical affiliation of health care entities  
18 formed solely to collaborate on clinical trials;

19           (2) a graduate medical education program; or

20           (3) an offer of employment to, or the hiring of, not  
21 more than one physician.

22           Sec. 15A.0003. CONFIDENTIALITY OF CERTAIN INFORMATION. (a)  
23 All documents and other information provided to the attorney  
24 general under this chapter, including the notice required under  
25 Section 15A.0051, are not public information under Chapter 552,  
26 Government Code, and may not be released or made public on subpoena  
27 or otherwise except as provided by this section.

1       (b) The attorney general may release documents or  
2 information:

3           (1) with the consent of the entity that submitted the  
4 information; or

5           (2) to an expert or consultant under contract with the  
6 attorney general solely for the purpose of conducting or aiding in  
7 the creation of a study under Section 15A.0101, provided that the  
8 expert or consultant is bound by the same confidentiality  
9 requirements as the attorney general.

10       SUBCHAPTER B. NOTICE OF MATERIAL CHANGE TRANSACTIONS

11       Sec. 15A.0051. REQUIRED NOTICE OF PROPOSED MATERIAL CHANGE  
12 TRANSACTIONS. (a) A health care entity shall submit written notice  
13 to the attorney general of any material change transaction  
14 involving the entity not less than 90 days before the date the  
15 change is to take effect.

16       (b) The attorney general by rule shall prescribe the method  
17 and form of the written notice required under this section.

18       Sec. 15A.0052. CIVIL PENALTY; INJUNCTION. (a) A person who  
19 violates Section 15A.0051 is liable to this state for a civil  
20 penalty in an amount not to exceed \$10,000 for each violation.

21       (b) The attorney general may bring an action to:

22           (1) recover the civil penalty imposed by Subsection  
23 (a); and

24           (2) restrain or enjoin a person from violating Section  
25 15A.0051.

26       (c) The attorney general may recover reasonable attorney's  
27 fees and other reasonable expenses incurred in investigating and

1 bringing an action under this section.

2 (d) The attorney general shall deposit a civil penalty  
3 collected under this section in the state treasury to the credit of  
4 the general revenue fund. Money deposited under this section may  
5 only be appropriated to the attorney general for the purpose of  
6 operating the attorney general's antitrust division.

7 SUBCHAPTER C. MARKET STUDIES

8 Sec. 15A.0101. STUDIES ON HEALTH CARE MARKETS. (a) The  
9 attorney general may conduct studies on the following topics:

10 (1) the conditions of a health care market in this  
11 state or in a region or political subdivision of this state,  
12 including:

13 (A) the degree of health care entity ownership or  
14 other concentration;

15 (B) the strength of competitive forces on price  
16 and quality of health care services; and

17 (C) trends in the price, quality, and  
18 availability of health care services; and

19 (2) the impacts of completed material change  
20 transactions on a market.

21 (b) The attorney general may request necessary documents or  
22 other information from health care and other relevant entities  
23 involved in the health care market to conduct the studies required  
24 by this section.

25 (c) Entities shall provide requested information not later  
26 than the 30th day after the date of the request.

27 Sec. 15A.0102. ADMINISTRATIVE PENALTY. The attorney

1 general may assess an administrative penalty in an amount not to  
2 exceed \$1,000 against an entity that does not submit the requested  
3 information in accordance with Section 15A.0101. Each day a  
4 violation continues is considered a separate violation for purposes  
5 of imposing the administrative penalty under this section.

6 SECTION 3. This Act takes effect September 1, 2025.