

1                                   A bill to be entitled  
 2           An act relating to hospital or group practice mergers,  
 3           acquisitions, and other transactions; creating s.  
 4           542.275; providing definitions; requiring that a  
 5           hospital submit specified information to the Office of  
 6           the Attorney General of certain hospital or group  
 7           practice mergers, acquisitions, and other transactions  
 8           in certain timeframes; providing requirements for such  
 9           notice; requiring the Attorney General to submit  
 10          biennial reports to the Legislature; establishing a  
 11          penalty; creating s. 542.336, F.S.; providing that  
 12          certain restrictive covenants are void and  
 13          unenforceable for a specified period; authorizing  
 14          positions and providing appropriations; providing an  
 15          effective date.

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 17 Be It Enacted by the Legislature of the State of Florida:

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 19           Section 1. Section 542.275, Florida Statutes, is created  
 20 to read:

21           542.275 Notice of certain hospital or group practice  
 22 acquisitions; reporting.—

23           (1) As used in this section, the term:

24           (a) "Affiliation" means a relationship between two or more  
 25 entities that allows the entities to jointly negotiate with one

26 or more other parties over professional medical services or  
27 reduces the primary service area in which at least one of the  
28 entities provides professional medical services.

29 (b) "Group practice" has the same meaning as provided in  
30 s. 456.053.

31 (c) "Hospital" has the same meaning as provided in s.  
32 395.002.

33 (d) "Material change" means:

34 1. A merger, consolidation, or affiliation;

35 2. The employment of all or substantially all of the  
36 physicians of a group practice; or

37 3. The acquisition of all or substantially all of:

38 a. The properties and assets of a group practice;

39 b. The capital stock, membership interests, or other  
40 equity interests of a group practice; or

41 c. One or more insolvent group practices.

42 (e) "Primary service area" means the fewest number of zip  
43 codes that account for 75 percent of the patients for a  
44 hospital, hospital system, or group practice in the 5 years  
45 before a written notice submitted under this section.

46 (2) A person conducting business in this state who files a  
47 merger, acquisition, or any other information relating to market  
48 concentration in this state with the Federal Trade Commission or  
49 the United States Department of Justice, in compliance with the  
50 Hart-Scott-Rodino Antitrust Improvement Act, 15 U.S.C. s. 18(a),

51 where a hospital, hospital system, or group practice is a party  
52 to the merger or acquisition shall provide written notice of  
53 such filing to the Attorney General. Upon receipt of a civil  
54 investigative demand under s. 542.28, the person shall provide a  
55 complete copy of the filing and any other materials subsequently  
56 produced to the Federal Trade Commission or the United States  
57 Department of Justice. The Attorney General may request  
58 additional information.

59 (3) At least 90 days before the effective date of any  
60 transaction involving a group practice, hospital, or hospital  
61 system that results in a material change to another group  
62 practice of four or more physicians, the group practice,  
63 hospital, or hospital system shall submit written notice to the  
64 Attorney General of such material change.

65 (4) The written notice required under subsections (2) and  
66 (3) shall include:

67 (a) A description of the proposed relationship among the  
68 parties to the proposed transaction.

69 (b) The name, license number, and specialty of each  
70 physician in the group practice that is the subject of the  
71 proposed transaction.

72 (c) The name of each business entity that will provide  
73 services following the effective date of the transaction.

74 (d) The address for each location where such services are  
75 to be provided.

76        (e) A description of services to be provided at each  
 77 location.

78        (f) The primary service area to be served by each  
 79 location.

80        (g) A description of any prior material change occurring  
 81 in the 5 years before the date of the notice, including the  
 82 primary service area and any change to the primary service area  
 83 as a result of each prior material change.

84        (5) At least 90 days before the effective date of any  
 85 transaction that results in an affiliation between a hospital or  
 86 hospital system and any other hospital or hospital system, each  
 87 party to the affiliation shall submit written notice to the  
 88 Attorney General of such proposed affiliation, to include:

89            (a) A description of the proposed relationship among the  
 90 parties to the proposed affiliation.

91            (b) The name of each business entity that will provide  
 92 services following the effective date of the affiliation.

93            (c) The address for each location where such services are  
 94 to be provided.

95            (d) A description of services to be provided at each  
 96 location.

97            (e) The primary service area to be served by each  
 98 location.

99        (6) When submitting written notice under subsections (3)  
 100 or (5), the group practice, hospital, or hospital system shall

101 identify any information that is a trade secret as defined in s.  
102 688.002. Upon receipt of a written notice submitted under  
103 subsections (3) or (5), the Attorney General may request  
104 additional information or issue a civil investigative demand  
105 under s. 542.28.

106 (7) The Attorney General shall submit a report to the  
107 President of the Senate and the Speaker of the House of  
108 Representatives by January 1, 2020, and every 2 years  
109 thereafter, regarding its activities under this section.

110 (8) A person who fails to comply with this section is  
111 subject to a civil penalty of not more than \$500,000, which  
112 shall be deposited in the Legal Affairs Revolving Trust Fund  
113 under s. 16.53(1), for enforcement of state or federal antitrust  
114 laws.

115 Section 2. Section 542.336, Florida Statutes, is created  
116 to read:

117 542.336 Invalid restrictive covenants.—A restrictive  
118 covenant entered into with a physician licensed under chapter  
119 458 or chapter 459 who practices a medical specialty in a county  
120 where one entity employs or contracts with, either directly or  
121 through related or affiliated entities, all physicians who  
122 practice such specialty in that county is not supported by a  
123 legitimate business interest and is void and unenforceable. Such  
124 restrictive covenant shall remain void and unenforceable for 3  
125 years after the date on which a second entity that employs or

126 | contracts with, either directly or through related or affiliated  
127 | entities, one or more physicians who practice such specialty  
128 | begins serving patients in that county.

129 |       Section 3. For the 2019-2020 fiscal year, 12 full-time  
130 | equivalent positions with associated salary rate of 629,382 are  
131 | authorized and the sums of \$1,295,718 in recurring funds and  
132 | \$48,284 in nonrecurring funds from the General Revenue Fund are  
133 | appropriated to the Department of Legal Affairs for the purpose  
134 | of implementing s. 542.275, Florida Statutes.

135 |       Section 4. This act shall take effect July 1, 2019.