

1                   A bill to be entitled  
2           An act relating to hospital, hospital system, or  
3           provider organization transactions; creating s.  
4           542.275, F.S.; providing definitions; requiring  
5           certain entities to submit written notice of a  
6           specified filing to the Office of the Attorney General  
7           relating to certain hospital, hospital system, or  
8           provider organization mergers, acquisitions, and other  
9           transactions within a specified timeframe; requiring  
10          that such entities submit written notice of a material  
11          change to the office within a specified period;  
12          providing requirements for such notice; authorizing  
13          the office to request additional information or issue  
14          a civil investigative demand; requiring the office to  
15          submit a biennial report to the Legislature by a  
16          specified date; providing a civil penalty; providing  
17          that such penalty be deposited into a specified trust  
18          fund; authorizing the office to engage the services of  
19          certain persons to fulfill its duties; authorizing  
20          positions and providing appropriations; providing an  
21          effective date.

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

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25          Section 1.   Section 542.275, Florida Statutes, is created

26 | to read:

27 | 542.275 Hospital, hospital system, or provider  
 28 | organization mergers, acquisitions, and other transactions;  
 29 | notice; reporting; penalty.-

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

31 | (a) "Acquisition" means an agreement, arrangement, or  
 32 | activity which results in a hospital, hospital system, or  
 33 | provider organization, directly or indirectly, obtaining control  
 34 | of another hospital, hospital system, or provider organization,  
 35 | including, but not limited to, the acquisition of voting  
 36 | securities and noncorporate interests, such as assets, capitol  
 37 | stock, membership interests, or equity interests.

38 | (b) "Contracting affiliation" means a relationship between  
 39 | two or more entities wherein the entities have the ability to  
 40 | negotiate jointly with payors over rates for health care  
 41 | services, or one entity negotiates on behalf of the other entity  
 42 | with payors over rates for professional medical services in the  
 43 | primary service area in which the entities operate. The term  
 44 | does not include arrangements among entities under common  
 45 | ownership.

46 | (c) "Health care provider" means a physician licensed  
 47 | under chapter 458, chapter 459, chapter 460, or chapter 461, or  
 48 | a person licensed under chapter 463 or a dentist licensed under  
 49 | chapter 466.

50 | (d) "Hospital" has the same meaning as provided in s.

51 395.002.

52 (e) "Hospital system" means:

53 1. A corporation that owns one or more hospitals and any  
 54 entity affiliated with such corporation through ownership or  
 55 control; or

56 2. A hospital and any entity affiliated with such hospital  
 57 through ownership.

58 (f) "Material change" means a merger, acquisition, or  
 59 contracting affiliation that generates a combined revenue of \$50  
 60 million or more between two or more entities of the following  
 61 types:

- 62 1. Hospitals;
- 63 2. Hospital systems; or
- 64 3. Provider organizations.

65 (g) "Payor" means any entity or person that negotiates or  
 66 assumes financial responsibility for a defined set of benefits  
 67 from a health insurance plan or health insurance program. The  
 68 term includes, but is not limited to, federal, state, and local  
 69 governmental entities or agencies; affiliates; health insurance  
 70 companies; health maintenance organizations; insurers; nonprofit  
 71 religious organizations; persons; preferred provider  
 72 organizations; prepaid limited health service organizations; and  
 73 third-party administrators.

74 (h) "Primary service area" means the geographic area  
 75 measured by the fewest number of zip codes from which the

76 | hospital, hospital system, or provider organization draws at  
77 | least 75 percent of its patients.

78 | (i) "Provider organization" means a corporation,  
79 | partnership, business trust, association, or organized group of  
80 | persons, whether incorporated or not, which is in the business  
81 | of health care services and represents four or more health care  
82 | providers in contracting with payors for the payments of health  
83 | care services. The term includes, but is not limited to,  
84 | physician organizations, physician-hospital organizations,  
85 | independent practice associations, provider networks, and  
86 | accountable care organizations.

87 | (2) (a) Any hospital, hospital system, or provider  
88 | organization conducting business in this state which is required  
89 | to file the Notification and Report Form for Certain Mergers and  
90 | Acquisitions pursuant to the Hart-Scott-Rodino Antitrust  
91 | Improvements Act, 15 U.S.C. s. 18a(a), shall provide written  
92 | notice of such filing to the Office of the Attorney General at  
93 | the same time that notice is filed with the Federal Government.

94 | (b) Except when notice is required pursuant to paragraph  
95 | (a), at least 90 days before the effective date of any  
96 | transaction that would result in a material change, the parties  
97 | to the transaction shall submit written notice to the Office of  
98 | the Attorney General of such material change. Such written  
99 | notice must identify all acquisitions that occurred during the 5  
100 | years preceding the date of the notice.

101        (c) The written notice required under paragraphs (a) and  
102 (b) shall include all of the following:

103        1. The names of the parties and their current business  
104 addresses.

105        2. A description of the proposed relationship among the  
106 parties to the proposed transaction.

107        3. A description of the health care services at each  
108 location at which services are currently provided and at any  
109 locations at which health care services will be provided.

110        4. The primary service area to be served by each location.

111        (d) Any written notice required under this subsection  
112 shall identify any information that the hospital, hospital  
113 system, or provider organization deems a trade secret, as  
114 defined in s. 688.002, or exempt from public records laws  
115 pursuant to any other statutory exemption.

116        (e) Upon receipt of any written notice submitted pursuant  
117 to this subsection, the Office of the Attorney General may  
118 request additional information or issue a civil investigative  
119 demand under s. 542.28.

120        (f) A hospital, hospital system, or provider organization  
121 who is a party to a material change may voluntarily provide  
122 additional information to the office.

123        (3) Beginning January 1, 2021, the Office of the Attorney  
124 General shall submit a biennial report to the President of the  
125 Senate and the Speaker of the House of Representatives regarding

126 | its review of transactions under this section.

127 |       (4) A hospital, hospital system, or provider organization  
128 | that fails to comply with this section is subject to a civil  
129 | penalty of not more than \$500,000, which shall be deposited into  
130 | the Legal Affairs Revolving Trust Fund created under s.  
131 | 16.53(1).

132 |       Section 2. In any review authorized under this act, the  
133 | Office of the Attorney General may engage the services of  
134 | consultants, experts, accountants, economists, analysts, and  
135 | other assistants. When the review of a transaction is completed,  
136 | the reasonable expenses related to such services shall be paid  
137 | by the parties to the transaction.

138 |       Section 3. For the 2020-2021 fiscal year, 12 full-time  
139 | equivalent positions with associated salary rate of 629,382 are  
140 | authorized and the sums of \$1,221,249 in recurring funds and  
141 | \$47,472 in nonrecurring funds from the General Revenue Fund are  
142 | appropriated to the Department of Legal Affairs for the purpose  
143 | of implementing s. 542.275, Florida Statutes.

144 |       Section 4. This act shall take effect July 1, 2020.