

By Senator Albritton

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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.; defining terms; requiring certain
5 entities to submit written notice of a specified
6 filing to the Office of the Attorney General relating
7 to certain hospital, hospital system, or provider
8 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 timeframe;
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.

22
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 to
26 read:

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

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

31 (a) "Acquisition" means an agreement, arrangement, or
32 activity that 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, capital
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 any physician licensed
47 under chapter 458, chapter 459, chapter 460, or chapter 461, or
48 any health care provider licensed under chapter 463 or chapter
49 466.

50 (d) "Hospital" has the same meaning as provided in s.
51 395.002(12).

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

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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

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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 shall
112 identify any information that the hospital, hospital system, or
113 provider organization deems a trade secret, as defined in s.
114 688.002, or exempt from public records laws pursuant to any
115 other statutorily recognized exemption.

116 (e) Upon receipt of any written notice submitted pursuant

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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.

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121 A hospital, hospital system, or provider organization who is a
122 party to a material change is not prohibited from voluntarily
123 providing additional information to the office.

124 (3) Beginning January 1, 2021, the Office of the Attorney
125 General shall submit a biennial report to the President of the
126 Senate and the Speaker of the House of Representatives regarding
127 its review of transactions under this section.

128 (4) A hospital, hospital system, or provider organization
129 that fails to comply with this section is subject to a civil
130 penalty of not more than \$500,000, which shall be deposited into
131 the Legal Affairs Revolving Trust Fund created under s.
132 16.53(1).

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

139 Section 3. For the 2020-2021 fiscal year, 12 full-time
140 equivalent positions with associated salary rate of 629,382 are
141 authorized and the sums of \$1,295,718 in recurring funds and
142 \$48,284 in nonrecurring funds from the General Revenue Fund are
143 appropriated to the Department of Legal Affairs for the purpose
144 of implementing s. 542.275, Florida Statutes.

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