



**HOUSE HEALTH COMMITTEE**

**VOTING MEETING**

Tuesday, June 3rd, 2025

9:30am

Irvis Office Building Room 523

Harrisburg, PA

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1. Call to Order

2. Attendance

**HB425 PN400 – (Marcell)** An Act amending the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code, providing for J-1 Visa Waiver Primary Care Physician Grant Program; and making an appropriation.

**Amendment 00805 – (Venkat)** Provides for program funding through the annual budget appropriations process and removes two federal waiver designations as requirements for program recipients.

**HB583 PN593 – (Curry)** An Act amending the act of June 13, 1967 (P.L.31, No.21), known as the Human Services Code, in public assistance, further providing for reimbursement for certain medical assistance items and services; and abrogating regulations.

**HB1460 PN1696 – (Borowski)** An Act providing for approval from the Department of Health and the Office of Attorney General before certain transactions involving health care entities within this Commonwealth.

**Amendment 00836 – (Bonner)** Removes physician practices, increases material amount to \$10 million, and reduces waiting period to 60 days.

3. Any other business that may come before the committee.

4. Adjournment

# HOUSE OF REPRESENTATIVES

## DEMOCRATIC COMMITTEE BILL ANALYSIS

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<b>Bill No:</b>	HB0425 PN0400	<b>Prepared By:</b>	Patrick O'Rourke (717) 787-4296,6711
<b>Committee:</b>	Health	<b>Executive Director:</b>	Erika Fricke
<b>Sponsor:</b>	Marcell, Kristin		
<b>Date:</b>	2/18/2025		

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### **A. Brief Concept**

Creates the J-1 Visa Waiver Primary Care Physician Grant Program.

### **C. Analysis of the Bill**

HB425 amends the Fiscal Code to create the J-1 Visa Waiver Primary Care Physician Grant Program within the Department of Health (DOH) for the purposes of increasing employment of physicians in medically underserved areas. DOH is tasked with creating an online application to receive and consider grant applications for employers of J-1 Visa holders until grant funding runs out or December 31, 2030, whichever occurs first. The program will be funded through a \$10 million appropriation from the General Fund (which must be used by June 30, 2031). Grant funds cannot be considered taxable income to an employer or physician and they must permit DOH to determine compliance with the requirements of HB425. Failure to comply will result in employer and/or physician reimbursing the Commonwealth, including interest as determined by DOH based on which party violated the grant terms.

The J-1 visa is a federal designation of non-immigrant visas for individuals who intend to participate in an approved program for the purpose of teaching, instruction, study, research, consulting, demonstrating special skills, or to receive graduate medical education or training.

Employers of J-1 visa holders must certify all of the following:

1. Employing a physician to work in a designated medically underserved area, primary health care professionally shortage area or designated area that has been approved for a federal Flex 10 waiver (employers that are not located in a medically underserved area but serves medically underserved areas).
2. The employed physician has been approved for a Conrad 30 waiver (federal waiver allowing state health departments to seek up to thirty J-1 foreign medical graduates per year to apply for a waiver of the 2-year foreign residence requirement upon completion of the J-1 exchange visitor program).
3. Grant funds will be used to assist the employer in paying the salary of the employed physician.
4. The grant will not be used for more than one physician per calendar year.
5. Employer agrees to comply with the program requirements established by DOH.
6. Acknowledgement that failure to comply with the program requirements established by DOH will result in program removal and possible recoupment of grant funds.
7. That provided information provided and supporting documents is true and accurate.

DOH must provide reasons for a disapproval or lower grant determination. Grant approvals must be followed by a grant agreement for which the following are required before funds are disbursed. The agreement must explain terms and conditions of grant, reporting requirements, and include applicable state and federal laws, explain DOH policies and procedures related to Conrad 30 waiver, Flex 10 waiver, in addition to other federal and state regulations, and the agreement may be signed electronically.

DOH must distribute grant awards no later than 60 days after approval. Up to \$100,000 per year for a period of three years may be awarded to an employer as long as requirements continue to be met and funds must be disbursed in increments of \$10,000. Grant funds must be prioritized to employers that have not been previously awarded grants.

DOH must publish a report on its website at the end of each year detailing a list of grants awarded, the name and address of each employer, grant amount, the purpose of the grant and a description of the financial impact on the grant recipient, and the total amount of funding that has been appropriated to DOH for the program each calendar year. DOH must also submit a copy of the report to the majority and minority chairs of the House and Senate's Appropriations and Health Committees. Additionally, DOH must submit a final report upon the program's completion once funds run out or by 2031, whichever is earlier.

**Effective Date:**

180 days

**G. Relevant Existing Laws**

The J-1 Exchange Visitor Visa Program was created federally under the Mutual Educational and Cultural Exchange Act ([Fulbright-Hays Act of 1961](#)) with the purpose "to increase mutual understanding between the people of the United States and the people of other countries by means of educational and cultural exchanges." Overseen by the U.S. State Department, applicants must meet eligibility criteria, English language requirements, and be sponsored either by a university, private sector or government program.

The Educational Commission on Foreign Medical Graduates (ECFMG) is authorized by the U.S. Department of State to sponsor foreign national physicians for the J-1 visa. J-1 physicians must:

- Have adequate prior education and training to participate satisfactorily in the program for which they are coming to the United States;
- Be able to adapt to the educational and cultural environment in which they will be receiving their education and training;
- Have the background, needs and experiences suitable to the program;
- Have competency in oral and written English;
- Have passed either Parts I and II of the National Board of Medical Examiners Examination, the Foreign Medical Graduate Examination, Step I and Step II, or the Visa Qualifying Examination (VQE) prepared by the National Board of Medical Examiners, administered by ECFMG;
- Provide a statement of need from the government of the country of their nationality or last legal permanent residence. Providing written assurance to the Secretary of Health and Human Services that there is a need in that country for persons with the skills the alien physician seeks to acquire and the alien physician has filed a written assurance with the government of this country that they will return upon completion of the training; and
- An agreement or contract from a U.S. accredited medical school, an affiliated hospital or a scientific institution to provide the accredited graduate medical education, signed by the alien physician and the official responsible for the training.

Following their exchange program and visa expiration, J-1 visa holders are usually required to return to their home country for two years to impart cultural knowledge learned in the United States. However, there are exceptions to this requirement such as the Conrad 30 Waiver Program, created by Congress to address physician shortages and allow non-citizen international medical graduates to obtain visas to practice medicine in underserved areas. As a result, state departments of health may sponsor up to 30 J-1 physicians per year for waivers to provide care in underserved communities.

**Conrad 30 Waiver Program & Flex 10 Waiver**

The Conrad 30 waiver program is designed to address physician shortages in medically underserved areas (MUA) and health professional shortage areas (HPSA) by allowing certain foreign medical graduates on J-1 visas to waive the standard two-year home-country residency requirement in exchange that these physicians commit to practicing medicine full-time in designated underserved areas for at least three years.

Each state health department can sponsor up to 30 physicians annually under this program and each state has its own application procedures and timelines. Once a waiver request is

submitted by the state health department it then gets reviewed by U.S. Citizenship and Immigration Services (USCIS). States can also allocate a portion of these slots (up to 10) to facilities not located in designated shortage areas but that serve patients from such areas; these are known as "Flex 10 Waiver" slots.

Pennsylvania's program focuses on primary care providers, though specialists may be considered based on need.

<b>County</b>	Medically Underserved Area (MUA)	Health Professional Shortage Area (HPSA)
Adams	Yes	No
Allegheny	Yes	Yes
Armstrong	Yes	Yes
Beaver	Yes	Yes
Bedford	Yes	Yes
Berks	Yes	Yes
Blair	Yes	Yes
Bradford	Yes	Yes
Bucks	Yes	No
Butler	Yes	No
Cambria	Yes	Yes
Cameron	Yes	Yes
Carbon	Yes	Yes
Centre	Yes	Yes
Chester	Yes	Yes
Clarion	No	Yes

Clearfield	Yes	Yes
Clinton	Yes	Yes
Columbia	Yes	Yes
Crawford	Yes	Yes
Cumberland	Yes	Yes
Dauphin	Yes	Yes
Delaware	Yes	Yes
Elk	No	No
Erie	Yes	Yes
Fayette	Yes	Yes
Forest	Yes	Yes
Franklin	Yes	Yes
Fulton	Yes	Yes
Greene	Yes	Yes
Huntingdon	Yes	Yes
Indiana	Yes	Yes
Jefferson	Yes	Yes
Juniata	Yes	Yes
Lackawanna	Yes	Yes
Lancaster	Yes	Yes
Lawrence	Yes	Yes

Lebanon	Yes	Yes
Lehigh	Yes	Yes
Luzerne	Yes	Yes
Lycoming	Yes	Yes
McKean	Yes	Yes
Mercer	Yes	Yes
Mifflin	Yes	Yes
Monroe	Yes	Yes
Montgomery	Yes	Yes
Montour	No	Yes
Northampton	Yes	Yes
Northumberland	Yes	Yes
Perry	Yes	Yes
Philadelphia	Yes	Yes
Pike	Yes	No
Potter	Yes	Yes
Schuykill	Yes	Yes
Snyder	Yes	No
Somerset	Yes	Yes
Sullivan	Yes	Yes
Susquehanna	Yes	Yes

Tioga	Yes	Yes
Union	No	Yes
Venango	Yes	Yes
Warren	No	Yes
Washington	Yes	Yes
Wayne	Yes	Yes
Westmoreland	Yes	Yes
Wyoming	Yes	No
York	Yes	Yes

### **Federal Pause on Student Visas**

On May 27, 2025, the U.S. State Department halted the scheduling of new visa appointments for F, M, and J visas. The suspension of new visa appointments was executed in preparation of an expanded vetting process and does not apply to applicants who have already scheduled their visa interviews.

### **E. Prior Session (Previous Bill Numbers & House/Senate Votes)**

#### 2023-24 Legislative Session

- [HB1672 PN1979](#) (Marcell)
  - Establishes the J-1 Visa Waiver Primary Care Physician Grant Program within the Department of Health.
  - Referred to House Health on 9/13/2023

This document is a summary of proposed legislation and is prepared only as general information for use by the Democratic Members and Staff of the Pennsylvania House of Representatives. The document does not represent the legislative intent of the Pennsylvania House of Representatives and may not be utilized as such.

**LEGISLATIVE REFERENCE BUREAU**

AMENDMENTS TO HOUSE BILL NO. 425

Sponsor: Venkat -30

Printer's No. 400

1 Amend Bill, page 1, line 35, by striking out "Primary Care"

2 Amend Bill, page 2, line 1, by striking out "; and making an  
3 appropriation"

4 Amend Bill, page 2, line 7, by striking out "PRIMARY CARE"

5 Amend Bill, page 2, line 10, by striking out "Primary Care"

6 Amend Bill, page 2, lines 16 through 20, by striking out all  
7 of said lines

8 Amend Bill, page 2, lines 25 through 30; page 3, lines 1  
9 through 8; by striking out all of said lines on said pages and  
10 inserting

11 "Employer." A person, firm, partnership, association or  
12 corporation that employs a physician.

13 Amend Bill, page 3, by inserting between lines 10 and 11

14 "Health professional shortage area." A designation used to  
15 identify areas and population groups within this Commonwealth  
16 that are experiencing a shortage of physicians.

17 Amend Bill, page 3, lines 27 through 30, by striking out all  
18 of said lines

19 Amend Bill, page 4, line 1, by striking out "Primary Care"

20 Amend Bill, page 4, line 4, by striking out "Primary Care"

21 Amend Bill, page 4, lines 18 through 20, by striking out "on  
22 a rolling basis until funding for grants have" in line 18 and

1 all of lines 19 and 20 and inserting

2 in a manner determined by the department until funding  
3 for grants is completely disbursed or until December 31,  
4 2032, whichever occurs first.

5 Amend Bill, page 4, line 24, by inserting after "physician"  
6 utilizing an approved J-1 visa

7 Amend Bill, page 4, line 25, by striking out ", a primary  
8 care" and inserting

9 or

10 Amend Bill, page 4, lines 26 through 29, by striking out "or  
11 a designated area that has been" in line 26 and all of lines 27  
12 through 29 and inserting a period

13 Amend Bill, page 4, line 30, by striking out "(3)" and  
14 inserting

15 (2)

16 Amend Bill, page 5, line 2, by striking out "(4)" and  
17 inserting

18 (3)

19 Amend Bill, page 5, line 4, by striking out "(5)" and  
20 inserting

21 (4)

22 Amend Bill, page 5, line 6, by striking out "(6)" and  
23 inserting

24 (5)

25 Amend Bill, page 5, line 11, by striking out "(7)" and  
26 inserting

27 (6)

28 Amend Bill, page 6, lines 2 and 3, by striking out "Conrad 30  
29 waiver, the Flex 10 waiver" and inserting

30 J-1 visa waiver, the types of waivers the department may  
31 facilitate

1 Amend Bill, page 6, line 9, by striking out "60" and  
2 inserting

3 90

4 Amend Bill, page 6, lines 18 through 21, by striking out all  
5 of said lines and inserting

6 (d) Criteria for grant from department.--The department  
7 shall give priority in the awarding of a grant to employers  
8 that:

9 (1) have not previously been awarded a grant for another  
10 physician during the same calendar year; and

11 (2) are located in a designated medically underserved  
12 area, a health professional shortage area or rural county and  
13 are independent entities not owned by, managed by or  
14 affiliated with any health care system, a legally separate  
15 health care provider or other entity.

16 Amend Bill, page 6, line 23, by striking out "each year" and  
17 inserting

18 the year after the effective date of this section and each  
19 December 31 thereafter

20 Amend Bill, page 7, lines 2 and 3, by striking out "under  
21 section 109-M" and inserting

22 allocated by the General Assembly

23 Amend Bill, page 7, line 15, by striking out "2030" and  
24 inserting

25 2032

26 Amend Bill, page 7, lines 18 through 21, by striking out all  
27 of said lines

28 Amend Bill, page 7, line 22, by striking out "110-M" and  
29 inserting

30 109-M

31 Amend Bill, page 7, line 27, by striking out "111-M" and  
32 inserting

33 110-M

34 Amend Bill, page 8, line 4, by inserting after "article"

1 for the period of noncompliance

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 425 Session of 2025

INTRODUCED BY MARCELL, VENKAT, KHAN AND GREEN, JANUARY 31, 2025

REFERRED TO COMMITTEE ON HEALTH, JANUARY 31, 2025

AN ACT

1 Amending the act of April 9, 1929 (P.L.343, No.176), entitled  
2 "An act relating to the finances of the State government;  
3 providing for cancer control, prevention and research, for  
4 ambulatory surgical center data collection, for the Joint  
5 Underwriting Association, for entertainment business  
6 financial management firms, for private dam financial  
7 assurance and for reinstatement of item vetoes; providing for  
8 the settlement, assessment, collection, and lien of taxes,  
9 bonus, and all other accounts due the Commonwealth, the  
10 collection and recovery of fees and other money or property  
11 due or belonging to the Commonwealth, or any agency thereof,  
12 including escheated property and the proceeds of its sale,  
13 the custody and disbursement or other disposition of funds  
14 and securities belonging to or in the possession of the  
15 Commonwealth, and the settlement of claims against the  
16 Commonwealth, the resettlement of accounts and appeals to the  
17 courts, refunds of moneys erroneously paid to the  
18 Commonwealth, auditing the accounts of the Commonwealth and  
19 all agencies thereof, of all public officers collecting  
20 moneys payable to the Commonwealth, or any agency thereof,  
21 and all receipts of appropriations from the Commonwealth,  
22 authorizing the Commonwealth to issue tax anticipation notes  
23 to defray current expenses, implementing the provisions of  
24 section 7(a) of Article VIII of the Constitution of  
25 Pennsylvania authorizing and restricting the incurring of  
26 certain debt and imposing penalties; affecting every  
27 department, board, commission, and officer of the State  
28 government, every political subdivision of the State, and  
29 certain officers of such subdivisions, every person,  
30 association, and corporation required to pay, assess, or  
31 collect taxes, or to make returns or reports under the laws  
32 imposing taxes for State purposes, or to pay license fees or  
33 other moneys to the Commonwealth, or any agency thereof,  
34 every State depository and every debtor or creditor of the  
35 Commonwealth," providing for J-1 Visa Waiver Primary Care

1 Physician Grant Program; and making an appropriation.  
2 The General Assembly of the Commonwealth of Pennsylvania  
3 hereby enacts as follows:

4 Section 1. The act of April 9, 1929 (P.L.343, No.176), known  
5 as The Fiscal Code, is amended by adding an article to read:

6 ARTICLE I-M

7 J-1 VISA WAIVER PRIMARY CARE

8 PHYSICIAN GRANT PROGRAM

9 Section 101-M. Scope of article.

10 This article relates to the J-1 Visa Waiver Primary Care  
11 Physician Grant Program.

12 Section 102-M. Definitions.

13 The following words and phrases when used in this article  
14 shall have the meanings given to them in this section unless the  
15 context clearly indicates otherwise:

16 "Conrad 30 waiver." A waiver established under 8 U.S.C. §  
17 1184(l) (relating to admission of nonimmigrants) that authorizes  
18 an individual with a J-1 visa to apply for a waiver of the two-  
19 year foreign residence requirement upon completion of the J-1  
20 Exchange Visitor Program under Federal law.

21 "Department." The Department of Health of the Commonwealth.

22 "Designated medically underserved area." The term shall mean  
23 the same as under section 1301 of the act of December 2, 1992  
24 (P.L.741, No.113), known as the Children's Health Care Act.

25 "Employer." A person, firm, partnership, association or  
26 corporation that:

27 (1) employs a physician; and

28 (2) is not owned, under contract or otherwise affiliated  
29 with a health system.

30 "Flex 10 waiver." The waiver authorized under 8 U.S.C. §

1 1184(1)(1)(D) that allows the department to recommend approval  
2 of up to 10 requests from employers that:

3 (1) are not physically located in a designated medically  
4 underserved area or primary care health professional shortage  
5 area, but that serves patients from one or more designated  
6 areas; and

7 (2) employ physicians to serve patients in those  
8 designated areas.

9 "Grant." An award of money by the department under the  
10 program.

11 "J-1 visa." The classification of individuals authorized to  
12 participate in an approved program for the purpose of teaching,  
13 instructing or lecturing, studying, observing, conducting  
14 research, consulting, demonstrating special skills, receiving  
15 training or to receive graduate medical education or training.

16 "Physician." A medical doctor or doctor of osteopathy who  
17 primarily provides medical services in any one or more of the  
18 following practice areas:

19 (1) Family medicine.

20 (2) Osteopathic general practice.

21 (3) General pediatrics.

22 (4) Geriatric medicine.

23 (5) Emergency medicine.

24 (6) Psychiatry.

25 (7) Obstetrics.

26 (8) General internal medicine.

27 "Primary care health professional shortage area." A  
28 designation used to identify areas and population groups within  
29 this Commonwealth that are experiencing a shortage of  
30 physicians.

1 "Program." The J-1 Visa Waiver Primary Care Physician Grant  
2 Program established under section 103-M.

3 Section 103-M. Establishment.

4 The J-1 Visa Waiver Primary Care Physician Grant Program is  
5 established in and shall be administered by the department.

6 Section 104-M. Use of funds.

7 The department shall award grants in accordance with this  
8 article from money appropriated to the program by the General  
9 Assembly.

10 Section 105-M. Application.

11 The following shall apply to applications for grants:

12 (1) Applications shall be on a form and submitted in a  
13 manner determined by the department.

14 (2) Applications shall contain documentation as required  
15 by the department.

16 (3) Applications shall be available electronically.

17 (4) The department shall receive and consider  
18 applications on a rolling basis until funding for grants have  
19 been completely disbursed or until December 31, 2030,  
20 whichever occurs first.

21 Section 106-M. Certification.

22 An employer that applies for a grant shall certify in good  
23 faith all of the following:

24 (1) The employer employs a physician to work in a  
25 designated medically underserved area, a primary care health  
26 professional shortage area or a designated area that has been  
27 approved for a Flex 10 waiver.

28 (2) The employed physician has been approved for a  
29 Conrad 30 waiver.

30 (3) The grant will be used to assist the employer in

1 paying the salary of the employed physician.

2 (4) The grant will not be used for more than one  
3 physician per calendar year.

4 (5) The employer agrees to comply with the program  
5 requirements established by the department.

6 (6) Acknowledgment that failure to comply with the  
7 program requirements established by the department:

8 (i) shall result in removal from the program; and

9 (ii) may result in recoupment of grant money as  
10 authorized by law.

11 (7) That the information provided in the application and  
12 all supporting documents and forms is true and accurate in  
13 all material aspects. An applicant, or an authorized  
14 representative of the applicant, that knowingly makes a false  
15 statement to obtain a grant shall be subject to 18 Pa.C.S. §  
16 4904 (relating to unsworn falsification to authorities).

17 Section 107-M. Review of application.

18 (a) Determination.--The department shall approve or  
19 disapprove an application for a grant. The department shall  
20 provide reasons for a disapproval or for a grant award less than  
21 the amount requested in an application.

22 (b) Grant agreement.--After approval of an application, the  
23 department shall enter into a grant agreement with the employer.  
24 A fully executed grant agreement shall be required before the  
25 disbursement of a grant. The following shall apply to a grant  
26 agreement:

27 (1) The grant agreement shall explain the terms and  
28 conditions of the grant, including the applicable laws of  
29 this Commonwealth and the United States, and reporting  
30 requirements.

1           (2) The grant agreement shall explain the department's  
2 policies and procedures related to the Conrad 30 waiver, the  
3 Flex 10 waiver and other policies and procedures that must be  
4 followed under Federal or State regulations.

5           (3) The grant agreement may be electronically signed by  
6 all applicable parties.

7           (c) Awards.--

8           (1) The department shall distribute a grant award to an  
9 employer in accordance with this article no later than 60  
10 days after approval of a grant application by the department.

11           (2) An employer may receive up to \$100,000 a year for a  
12 period of three years. The employer and physician must  
13 continue to meet the requirements under this article to  
14 receive an award each year. The department may require  
15 documentation from the employer and physician each year.

16           (3) The department may award grants in increments of  
17 \$10,000, not to exceed the limitation under paragraph (2).

18           (d) Priority of grant awards.--The department shall give  
19 priority in the awarding of a grant to employers that have not  
20 previously been awarded a grant for another physician during the  
21 same calendar year.

22 Section 108-M. Reports.

23           (a) Contents.--No later than December 31 of each year, the  
24 department shall publish a report on its publicly accessible  
25 Internet website that contains the following information:

26           (1) A list of grants awarded.

27           (2) The name and address of each employer awarded a  
28 grant.

29           (3) The amount of the grant, the purpose of the grant  
30 and a description of the financial impact on the grant

1 recipient.

2 (4) The total amount of the appropriation under section  
3 109-M that has been distributed each calendar year.

4 (b) Submission.--The department shall submit the report  
5 under subsection (a) to the following:

6 (1) The chair and minority chair of the Appropriations  
7 Committee of the Senate.

8 (2) The chair and minority chair of the Appropriations  
9 Committee of the House of Representatives.

10 (3) The chair and minority chair of the Health and Human  
11 Services Committee of the Senate.

12 (4) The chair and minority chair of the Health Committee  
13 of the House of Representatives.

14 (c) Final report.--Upon disbursement of all money  
15 appropriated for the program or December 31, 2030, whichever is  
16 earlier, the department shall publish a final report under the  
17 requirements of this section within six months.

18 Section 109-M. Appropriation.

19 The sum of \$10,000,000 is appropriated from the General Fund  
20 to the department for the program and payment of grants under  
21 this article. This appropriation shall lapse on June 30, 2031.

22 Section 110-M. Tax applicability.

23 Grants awarded under this article may not be considered  
24 taxable income to an employer or physician for purposes of  
25 Article III of the act of March 4, 1971 (P.L.6, No.2), known as  
26 the Tax Reform Code of 1971.

27 Section 111-M. Compliance.

28 The employer and physician shall permit the department to  
29 determine compliance with the requirements of this article. If  
30 the employer or physician fails to comply with the requirements

1 of this article, the employer, physician or both shall reimburse  
2 the Commonwealth for the amount of the grant received, including  
3 interest accrued, as determined by the department based on a  
4 determination of which party violated this article. The  
5 employer, physician and the department shall make every effort  
6 to resolve conflicts in order to prevent a breach of program  
7 requirements established by the department.

8       Section 2. This act shall take effect in 180 days.

## HOUSE OF REPRESENTATIVES DEMOCRATIC COMMITTEE BILL ANALYSIS

<b>Bill No:</b>	HB0583 PN0593	<b>Prepared By:</b>	Erika Fricke (412) 422-1774
<b>Committee:</b>	Health	<b>Executive Director:</b>	Erika Fricke
<b>Sponsor:</b>	Curry, Gina		
<b>Date:</b>	5/16/2025		

### **A. Brief Concept**

Restores dental coverage within the Medical Assistance program.

### **C. Analysis of the Bill**

The bill amends the Human Services Code to restore dental benefits previously provided by Medical Assistance in Pennsylvania.

The bill removes the limitation in existing law that prevents the department from changing the benefit package created in 2011 except through the regulatory process.

It requires the Department of Human Services (the Department) to create a dental package that includes at a minimum all the benefits available prior to the changes effective September 30, 2011 that limited adult dental benefits. The Department is required to publish information about the plan, what it includes, and when it is available, in the Pennsylvania bulletin. The Department must seek any state plan amendment or waiver with the federal government in order to provide the dental benefit and the benefit plan can only take effect if funding is made available.

Changes to the dental plan will take effect via publication in the Pennsylvania bulletin.

While the benefit package must include all benefits provided for prior to September 30, 2011, it can provide enhanced benefits.

If a State Plan amendment or waiver required to implement the act is approved, the Department will publish that information in the Pennsylvania bulletin.

Once a state plan amendment or waiver is approved, all inconsistent laws or regulations are abrogated.

#### **Effective Date:**

The department can change the dental benefit, and must create the package and apply for a waiver or state plan amendment immediately.

Inconsistent laws or regulations are abrogated once that waiver or amendment is approved.

### **G. Relevant Existing Laws**

Section 443.6 (g) of the Human Services Code requires the Department to create a dental benefits plan and publish it in the Pennsylvania bulletin for fiscal year 2011-2012 and requires that any changes to the dental benefit plan after June 30, 2012, occur by regulation.

### **E. Prior Session (Previous Bill Numbers & House/Senate Votes)**

HB1417 passed the house 153 to 50

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the Pennsylvania House of Representatives and may not be utilized as such.

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 583 Session of 2025

INTRODUCED BY CURRY, GAYDOS AND WAXMAN, FEBRUARY 12, 2025

REFERRED TO COMMITTEE ON HEALTH, FEBRUARY 12, 2025

AN ACT

1 Amending the act of June 13, 1967 (P.L.31, No.21), entitled "An  
 2 act to consolidate, editorially revise, and codify the public  
 3 welfare laws of the Commonwealth," in public assistance,  
 4 further providing for reimbursement for certain medical  
 5 assistance items and services; and abrogating regulations.

6 The General Assembly of the Commonwealth of Pennsylvania  
 7 hereby enacts as follows:

8 Section 1. Section 443.6(g) of the act of June 13, 1967  
 9 (P.L.31, No.21), known as the Human Services Code, is amended  
 10 and the section is amended by adding a subsection to read:

11 Section 443.6. Reimbursement for Certain Medical Assistance  
 12 Items and Services.--\* \* \*

13 (g) The department shall establish [benefit packages for  
 14 dental and] a benefit package for pharmacy services for medical  
 15 assistance recipients twenty-one years of age or older, and any  
 16 exceptions to [such] the benefit [packages] package as the  
 17 department determines are appropriate. Notwithstanding any other  
 18 provision of law, including this section, during State fiscal  
 19 year 2011-2012, the department shall establish such benefit  
 20 [packages] package, limits and exceptions thereto by publication

1 of one or more notices in the Pennsylvania Bulletin. A notice  
2 shall describe the available benefit [packages] package or  
3 limits and any exceptions thereto. The benefit [packages]  
4 package, limits and exceptions thereto shall take effect as  
5 specified in the notice and remain in effect until changed by a  
6 subsequent notice issued on or before June 30, 2012, or  
7 thereafter by department regulation.

8 (h) The department shall establish a benefit package for  
9 dental services for medical assistance recipients twenty-one  
10 years of age or older. The department shall revise the benefit  
11 package for dental services by publication of a notice in the  
12 Pennsylvania Bulletin. The benefit package shall take effect as  
13 specified in the notice. The department shall seek a State plan  
14 amendment or Federal waiver from the Centers for Medicare and  
15 Medicaid Services, if needed, to allow the medical assistance  
16 program to provide coverage for dental services in accordance  
17 with this section. Subject to available funding, the benefit  
18 package under this subsection:

19 (1) shall include all dental services provided prior to the  
20 dental benefit package changes announced under 41 Pa.B. 5133  
21 (September 24, 2011); and

22 (2) may include additional dental services beyond those  
23 currently provided and those provided prior to the dental  
24 benefit package changes announced under 41 Pa.B. 5133 (September  
25 24, 2011).

26 Section 2. All regulations and parts of regulations are  
27 abrogated to the extent of any inconsistency with this act.

28 Section 3. If a Federal waiver under section 443.6(h) of the  
29 act or a State plan amendment is approved by the Centers for  
30 Medicare and Medicaid Services, the Secretary of Human Services

1 shall transmit notice of the approval to the Legislative  
2 Reference Bureau for publication in the next available issue of  
3 the Pennsylvania Bulletin.

4 Section 4. This act shall take effect as follows:

5 (1) Section 2 of this act shall take effect immediately  
6 following publication of the notice under section 3 of this  
7 act.

8 (2) The remainder of this act shall take effect  
9 immediately.

## HOUSE OF REPRESENTATIVES DEMOCRATIC COMMITTEE BILL ANALYSIS

<b>Bill No:</b>	HB1460 PN1696	<b>Prepared By:</b>	Erika Fricke 412-422-1774
<b>Committee:</b>	Health	<b>Executive Director:</b>	Erika Fricke
<b>Sponsor:</b>	Borowski, Lisa		
<b>Date:</b>	5/27/2025		

### A. Brief Concept

House Bill 1460 provides for oversight of for-profit and private equity transactions in health care facilities.

### C. Analysis of the Bill

House Bill 1460 provides for oversight of for-private and private equity transactions involving health care facilities, including review by the Office of Attorney General (OAG) and on-going monitoring.

The bill defines key terms:

"Against the public interest" is defined to include:

- A reduction in competition or an increase in costs.
- unfair competition.
- reduction in the quality of care.
- reduction in access to or availability of services.
- reduction in access in a rural, low-income, or disadvantaged community.
- a "healthcare leaseback" agreement.

"Covered entity" includes:

- a for-profit entity or its affiliate that seeks to own, operate, or control a health care entity.
- "an investor or group of investors who primarily engage in the raising or returning of capital and who invest, develop or dispose of specified assets, a private equity company, a private equity fund or a real estate investment trust or affiliate."

"Covered transaction" is defined as a transaction involving "one health care entity" (health care facility or provider group) and a "covered entity" and involves:

- sale, transfer, lease or encumbrance of a health care entity's assets.
- change in control (of more than 10 percent) of a health care entity.
- capital distribution of health care entity's equity capital.

"Health care entity" includes health care facilities: hospitals, ambulatory surgical facilities, long-term care nursing facilities, inpatient drug and alcohol facilities and hospice. It also includes provider groups with eight or more practitioners.

### **Chapter 3: Covered Health Care Transactions**

#### Section 301: Attorney General Oversight of transactions in health care

Transactions of more than \$5 million involving for-profit businesses and health care facilities or provider groups must be reviewed by OAG prior to completion. Transactions deemed "against the public interest" would not be permitted, unless OAG determines that the transaction is necessary to maintain health services.

#### Section 302: Notification provisions

A health care facility or provider group must notify OAG about an impending transaction and either obtain a written statement from OAG that a transaction is not against the public interest, or adhere to the waiting period while the transaction is under review. The notification must be submitted with a number of financial, organizational, and contractual documents.

The parties must provide the list of documents currently required under the existing "Review Protocol for Fundamental Change Transaction affecting healthcare non-profits" including:

- information about governance and ownership.
- transaction documents.
- impact on related or subsidiary businesses.
- asset contribution agreements, operating agreements or management contracts.
- effects of transaction on components of an integrated delivery network that contains a hospital, including impact on contracted physician groups.
- financial statements, ownership records, business transaction data, capital asset valuation, and information on future earnings.
- financial documents, including audited financial statements, ownership records, business projection data, capital asset valuation data, and the materials on which those projects are based.
- independent valuations of assets and liabilities.
- donor restricted assets.
- relevant existing contracts (for example, employee contracts) that would affect value of entities.
- information that identifies potential self-dealing (when non-profit dollars are used to benefit private individuals who are not qualified to benefit from the funds).
- non-cash elements of a sale, including security, loans, and stocks.
- tax information.
- on-going litigation the parties are involved in.
- information on the patient base and communities served.
- the effect on availability and accessibility of health care.
- list of contracted insurance plans.
- organization charts, pre and post-merger.
- additional documents, as requested by OAG.

After the materials are submitted, OAG has 90 days to complete the review before a transaction that is not deemed "against the public interest" can go forward. If OAG requests and receives additional materials related to the transaction, the waiting period can extend an additional 30 days. After the initial 120 days, the waiting period must be extended by the courts.

### Section 303: Public Input

During the waiting period, OAG may offer public hearings about the transaction, which must be live-streamed and recorded. If the transaction involves an acquisition of a health care facility, the hearing may be held in the community in which the acquisition is occurring, and include impacted groups.

OAG must provide 14 day public notice of any hearing.

If a transaction proposal changes in a meaningful way, the office may hold additional hearings.



### Section 304: Determination and restraining prohibited transactions

At the end of the waiting period, including any extensions, OAG must make a determination about whether a transaction is against the public interest.

OAG must check with the Department of Health (DOH) to assess impacts on patients and the local community.

After consulting with DOH, if OAG deems the transaction is against the public interest, the office has two options:

- Take action in court to block the transaction
- enter into a voluntary agreement with the parties involved in the transaction to reduce the negative impacts of the transaction.

If the parties enter into a voluntary agreement with OAG to prevent a suit against the transaction, the impact of the transaction will be monitored to ensure that the agreement is followed. The initial monitoring agreement cannot last more than five years, but may be extended by OAG. OAG must consult with DOH related to any compliance monitoring period.

The private equity or for-profit company must pay for the costs of compliance monitoring, with the funds placed in an escrow account.

DOH cannot revoke, block, or cite a healthcare facility because they file for review.

### Section 305: Compliance

If someone refuses to comply with the request for information, the court can provide an extension, order compliance, or provide another legal remedy.

### Section 306: Powers and Duties of the OAG

OAG, in consultation with the DOH, is responsible for establishing the necessary regulations and making sure that the rules and regulations of OAG and DOH do not conflict.

OAG may work with other administrative departments, as well as a federal agency for expertise or assistance in reviewing contracts. OAG can also contract with experts in the process of reviewing transactions.

The costs for contracting must be reasonable and necessary. DOH does not need to go through the competitive bid process in order to contract with consultants.

Those entities engaging in the transaction must pay for OAG costs for reviewing the transaction and a transaction cannot take place until OAG has signed off on an agreement, and the costs have been paid.

In the case of a voluntary agreement, OAG must monitor for compliance, and may require information from the companies involved to do so. If the entities have failed to comply, OAG may file for enforcement in the courts.

The Department of Aging, Department of Human Services and Department of Insurance must support OAG in reviewing the transaction, if requested.

OAG must provide any information to the Insurance Department, if the transaction involves an integrated delivery network. Any materials provided to the Insurance Department are not subject to the Right-to-Know Law.

OAG must also give information to DOH, if needed, so that they can review any proposed transaction related to the Health Care Facilities Act at the same time. These documents are also not subject to the Right-to-Know Law.

### Section 307: Powers of the Department of Health (DOH)

DOH must issue rules and regulations needed for implementation, and must ensure these do not conflict with the rules and regulations of OAG.

DOH must also monitor any health care facility transaction for compliance of a voluntary agreement, and notify OAG in the case of non-compliance.

DOH can require documents for compliance monitoring purposes.

### Section 308: Confidential treatment

Any information given to DOH or OAG are privileged and confidential and cannot be:

- used as evidence in a civil case
- subject to subpoena
- subject to the Right-to-Know law.

OAG cannot make any information public without consent, unless OAG believes disclosure is in the best interest of the public.

Anyone receiving documents required under this legislation is not allowed to testify in any civil action about them.

### General

OAG's scope of authority to maintain competitive markets or enforce against anti-trust provisions isn't altered by this legislation, and it doesn't impact other agencies from engaging in action against mergers or acquisitions. If any part of this legislation is considered unconstitutional, the other provisions remain.

### **Effective Date:**

60 days.

## **G. Relevant Existing Laws**

Currently, there are no state-level notice requirements for hospital mergers or acquisitions and no state anti-trust law.

### **Existing State Powers:**

#### Office of Attorney General oversight

OAG has oversight of hospital transactions in three categories:

- Federal anti-trust powers
  - If OAG becomes aware of a merger or acquisition, OAG has the ability to bring anti-trust suits based on federal powers, as made clear in Pennsylvania case law. When reviewing mergers for anti-trust violations, OAG assesses whether facilities are looking to acquire or maintain market power unlawfully, in a way that would substantially lessen competition or create a monopoly. Remedies include allowing mergers if no other choice exists, entering into consent decrees or suing to block mergers.
- Charitable operations
  - OAG has broad powers to investigate charitable non-profits, based on case law. Currently, OAG uses their ["Review Protocol for Fundamental Change Transactions Affecting Health Care Nonprofits"](#) to review whether sale of charitable assets is last alternative, free of private inurement, fair value, and that restricted assets will remain segregated and transactions will not limit community access to care. Currently, this document is voluntary not compulsory. Legal action is required if parties refuse to participate.
- Consumer protection
  - Pennsylvania's [Unfair Trade Practices and Consumer Protection Law](#) provides OAG oversight of trade and commerce with respect to unfair methods of competition or deceptive acts in consumer healthcare transactions.

#### Pennsylvania Insurance Department oversight

Section 1402 of the Insurance Company Law of 1921 subsection (f) requires the Insurance Department to approve mergers and acquisitions unless certain issues arise including:

- (ii) The effect of the merger, consolidation or other acquisition of control would be to substantially lessen competition in insurance in this Commonwealth or tend to create a

monopoly therein.

(iv) The plans or proposals which the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable and fail to confer benefit on policyholders of the insurer and are not in the public interest.

#### Department of Health oversight

[Title 28 Chapter 51](#) of the Pennsylvania Code enumerates the notification provisions required for health care facilities including:

#### § 51.3

(a) A health care facility shall notify the Department in writing at least 60 days prior to the intended commencement of a health care service which has not been previously provided at that facility.

(b) A health care facility shall notify the Department in writing at least 60 days prior to the intended date of providing services in new beds it intends to add to its approved complement of beds.

(c) A health care facility shall provide similar notice at least 60 days prior to the effective date it intends to cease providing an existing health care service or reduce its licensed bed complement.

#### § 51.4. Change in ownership; change in management.

(a) A health care facility shall notify the Department in writing at least 30 days prior to transfer involving 5% or more of the stock or equity of the health care facility.

(b) A health care facility shall notify the Department in writing at least 30 days prior to a change in ownership or a change in the form of ownership or name of the facility. A change in ownership shall mean any transfer of the controlling interest in a health care facility.

(c) A health care facility shall notify the Department in writing within 30 days after a change of management of a health care facility. A change in management occurs when the person responsible for the day to day operation of the health care facility changes.

[28 PA Code Chapter 201](#) deals with long term care facility ownership and changes in ownership, including required documentation to prove solvency and capacity to manage a facility.

Additional requirements for long-term care changes in ownership include:

#### § 201.12a. Notice and opportunity to comment.

(a) In addition to the requirements in § 201.12 (relating to application for license of a new facility or change in ownership), a prospective licensee of a new facility shall concurrently provide written notice to the Office of the State Long-Term Care Ombudsman when the prospective licensee submits its application.

(b) In addition to the requirements in § 201.12, a prospective licensee for a change in ownership of a facility shall concurrently provide written notice to all of the following:

- (1) Residents of the facility being purchased or acquired, and their resident representatives.
- (2) Employees of the facility being purchased or acquired.
- (3) The Office of the State Long-Term Care Ombudsman.

(c) The written notice shall provide all of the following information:

- (1) The name and address of the facility.
- (2) The name and address of the prospective licensee.
- (3) The contact information for the State Long-Term Care Ombudsman.

(4) A statement that an application for licensure has been submitted to the Department and more information regarding the application, including the ability to comment, may be found on

the Department's web site.

(d) The Department will post notice of the receipt of an application for license of a new facility or change in ownership and a copy of the completed application form submitted under § 201.12 on the department's web site and provide a 10-day public comment period.

§ 201.12b. Evaluation of application for license of a new facility or change in ownership.

(a) The Department will conduct an evaluation of the application, which will include consideration of the application form and documents submitted under § 201.12 (relating to application for license of a new facility or change in ownership) and comments submitted under § 201.12a(d) (relating to notice and opportunity to comment).

(b) Upon completion of the evaluation conducted under subsection (a), the Department will approve or deny the application and post notice of the approval or denial of the application on the Department's web site.

(c) The Department will consider the following in determining whether to approve or deny an application:

(1) The prospective licensee's past performance related to owning or operating a facility in this Commonwealth or other jurisdictions.

(2) The prospective licensee's demonstrated financial and organizational capacity and capability to successfully perform the requirements of operating a facility based on the information provided under § 201.12.

(3) The prospective licensee's demonstrated history and experience with regulatory compliance, including evidence of consistent performance in delivering quality care.

(4) Comments submitted under § 201.12a(d).

#### Federal powers

Federally, the Hart-Scott-Rodino (HSR) Act gives the Federal Trade Commission (FTC) jurisdiction to conduct pre-merger review of transactions with a transaction value that exceeds the HSR filing threshold (currently \$111.4 million, but adjusted annually).

An acquisition that will result in a buyer holding more than \$50 million (as adjusted) worth of the voting securities of another issuer crosses the first of five staggered "notification thresholds." The rules identify four additional thresholds: voting securities valued at \$100 million (as adjusted) or greater but less than \$500 million (as adjusted); voting securities valued at \$500 million (as adjusted) or greater; 25 percent of the voting securities of an issuer, if the 25 percent (or any amount above 25% but less than 50%) is valued at greater than \$1 billion (as adjusted); and 50 percent of the voting securities of an issuer if valued at greater than \$50 million (as adjusted).

#### Federal Anti-Trust powers

- The Sherman Anti-Trust Act
- The Clayton Act

Note: In general, the FTC does not have any jurisdiction over non-profit entities, however, the FTC powers in the Clayton Act due apply to non-profits.

### **E. Prior Session (Previous Bill Numbers & House/Senate Votes)**

#### 2023-2024 Legislative Session

- [HB 2344 PN 3726](#) (Borowski) passed the House 114-88. The bill passed out of the Senate Health and Human Services Committee and received no further action.
- [SB 548 PN 757](#) (Kearney)
  - Referred to Senate Health and Human Services Committee on 5/15/2023.

This document is a summary of proposed legislation and is prepared only as general information for use by the Democratic Members and Staff of the Pennsylvania House of Representatives. The document does not represent the legislative intent of the Pennsylvania House of Representatives and may not be utilized as such.

**LEGISLATIVE REFERENCE BUREAU**

AMENDMENTS TO HOUSE BILL NO. 1460

Sponsor: **Bonner - 17**

Printer's No. 1696

1 Amend Bill, page 2, line 28, by inserting after "or"

2 unfairly

3 Amend Bill, page 3, line 1, by striking out the period after

4 "care" and inserting

5 available within the health care entity's market  
6 territory.

7 Amend Bill, page 5, lines 2 through 7, by striking out "The

8 term includes:" in line 2 and all of lines 3 through 7 and

9 inserting

10 A person that directs, or through an affiliate directs,  
11 control of one or more health care facilities.

12 Amend Bill, page 5, line 18, by striking out "\$5,000,000" and

13 inserting

14 \$10,000,000

15 Amend Bill, page 5, lines 19 through 23, by striking out all

16 of said lines

17 Amend Bill, page 6, line 21, by striking out the period after

18 "services" and inserting

19 in the absence of the covered transaction.

20 Amend Bill, page 6, line 23, by inserting after "a"

21 binding

22 Amend Bill, page 9, line 11, by inserting after "a"

23 binding

24 Amend Bill, page 9, line 12, by striking out "90-day" and

1 inserting  
2 60-day  
3 Amend Bill, page 10, line 12, by striking out the period  
4 after "305" and inserting  
5 , provided that the request is filed with the court  
6 within five days of the expiration of all applicable waiting  
7 periods.  
8 Amend Bill, page 10, line 20, by striking out "A public  
9 hearing required under subsection (a)" and inserting  
10 If the Attorney General conducts a public hearing under  
11 subsection (a), the public hearing  
12 Amend Bill, page 11, line 13, by inserting after "county"  
13 and municipality  
14 Amend Bill, page 14, line 18, by striking out "or" and  
15 inserting  
16 of  
17 Amend Bill, page 15, line 14, by striking out "comply with"  
18 and inserting  
19 respond to  
20 Amend Bill, page 15, line 19, by striking out "and" and  
21 inserting  
22 , and Commonwealth Court  
23 Amend Bill, page 17, line 10, by striking out "comply with"  
24 and inserting  
25 respond to  
26 Amend Bill, page 19, line 7, by striking out "practitioners"  
27 and inserting  
28 practitioner's

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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1460 Session of  
2025

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INTRODUCED BY BOROWSKI, TAKAC, KHAN, BOYD, O'MARA, KRUEGER,  
CURRY, KAZEEM, DELLOSO, YOUNG, HILL-EVANS, GIRAL, FIEDLER,  
SANCHEZ, FREEMAN, PROBST, HOHENSTEIN, DONAHUE, SCHLOSSBERG,  
PROKOPIAK, CEPEDA-FREYTIZ, CERRATO, WAXMAN, DALEY, CIRESI,  
KENYATTA, FRANKEL AND GREEN, MAY 13, 2025

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REFERRED TO COMMITTEE ON HEALTH, MAY 13, 2025

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AN ACT

1 Providing for approval from the Department of Health and the  
2 Office of Attorney General before certain transactions  
3 involving health care entities within this Commonwealth.

4 TABLE OF CONTENTS

5 Chapter 1. Preliminary Provisions

6 Section 101. Short title.

7 Section 102. Definitions.

8 Chapter 3. Covered Health Care Transactions

9 Section 301. Transaction against public interest.

10 Section 302. Filing of transactions.

11 Section 303. Public input.

12 Section 304. Determination and restraining prohibited  
13 transactions.

14 Section 305. Compliance and power of court.

15 Section 306. Powers and duties of Attorney General.

16 Section 307. Powers and duties of department.

17 Section 308. Confidential treatment.

1 Chapter 10. Miscellaneous Provisions

2 Section 1001. Construction.

3 Section 1002. Effective date.

4 The General Assembly of the Commonwealth of Pennsylvania  
5 hereby enacts as follows:

6 CHAPTER 1

7 PRELIMINARY PROVISIONS

8 Section 101. Short title.

9 This act shall be known and may be cited as the Health System  
10 Protection Act.

11 Section 102. Definitions.

12 The following words and phrases when used in this act shall  
13 have the meanings given to them in this section unless the  
14 context clearly indicates otherwise:

15 "Affected community." A county within this Commonwealth  
16 where an existing health care facility is physically located or  
17 a county whose residents are regularly served by the existing  
18 health care facility.

19 "Affiliate." A person that directly or indirectly, through  
20 one or more intermediaries, controls or is controlled by, or is  
21 under common control with, the person specified.

22 "Against the public interest." A covered transaction that,  
23 as determined by the Attorney General, results in any of the  
24 following:

25 (1) A significant reduction in competition or a  
26 significant increase in costs for health care payers,  
27 purchasers or consumers.

28 (2) An unfair method of competition in or affecting  
29 health care commerce or an unfair or deceptive act or  
30 practice in or affecting health care commerce.

1 (3) A significant reduction in the quality of care.

2 (4) A significant reduction in access to or availability  
3 of health care services for payers, purchasers or consumers.

4 (5) A significant reduction in access to care in a  
5 rural, low-income or disadvantaged community.

6 (6) A health care leaseback agreement.

7 "Attorney General." The Office of Attorney General of the  
8 Commonwealth.

9 "Capital distribution." A payment made, liability incurred  
10 or other consideration given by a health care entity to a person  
11 for the purchase, acquisition, redemption, repurchase, payment  
12 or retirement of capital stock or other equity interest of the  
13 health care entity or as a dividend, return of capital or other  
14 distribution in respect of the health care entity's capital  
15 stock or other equity interest.

16 "Control," "controlled by" or "under common control with."

17 As follows:

18 (1) The possession, direct or indirect, of the power to  
19 direct or cause the direction of the management and policies  
20 of a person, whether through the ownership of voting  
21 securities, by contract other than a commercial contract for  
22 goods or nonmanagement services or otherwise, unless the  
23 power is the result of an official position with or corporate  
24 office held by the person. Control shall be presumed to exist  
25 if a person, directly or indirectly:

26 (i) owns more than 10% of a person; or

27 (ii) controls, holds with the power to vote or holds  
28 proxies representing 10% or more of the votes that all  
29 shareholders or members would be entitled to cast in the  
30 election of directors or managers.

1           (2) The presumption under paragraph (1) may be rebutted  
2 by a showing that control does not exist in fact. The  
3 Attorney General may determine, after furnishing all persons  
4 in interest notice and opportunity to be heard and making  
5 specific findings of fact to support the determination, that  
6 control exists in fact, notwithstanding the absence of a  
7 presumption to that effect or that another person has  
8 control.

9 "Covered entity." Includes:

10           (1) A for-profit entity or an affiliate of a for-profit  
11 entity that owns, operates or controls or seeks to own,  
12 operate or control a health care entity.

13           (2) An investor or group of investors who primarily  
14 engage in the raising or returning of capital and who invest,  
15 develop or dispose of specified assets, a private equity  
16 company, a private equity fund or a real estate investment  
17 trust or affiliate.

18 "Covered transaction." A transaction or a series of  
19 transactions involving at least one health care entity and one  
20 covered entity, and includes any of the following:

21           (1) The sale, transfer, lease or other encumbrance of a  
22 material amount of a health care entity's assets, including  
23 real property, employment groups, emergency departments or  
24 other units.

25           (2) A change in control of a health care entity.

26           (3) A capital distribution or similar reduction of a  
27 health care entity's equity capital by a material amount or  
28 the incursion of an obligation that commits the health care  
29 entity to making a capital distribution or similar reduction  
30 of equity by a material amount.

1 "Department." The Department of Health of the Commonwealth.

2 "Health care entity." The term includes:

3 (1) A person that directs, or through an affiliate  
4 directs, control of one or more health care facilities.

5 (2) A practitioner organization, representing eight or  
6 more health care practitioners, valued at or above a material  
7 amount.

8 "Health care facility." The term shall have the same meaning  
9 as in section 802.1 of the act of July 1, 1979 (P.L.130, No.48),  
10 known as the Health Care Facilities Act.

11 "Health care leaseback agreement." A transaction whereby a  
12 person sells, transfers, leases or otherwise encumbers a  
13 material amount of the assets or real property of a health care  
14 entity and enters into an agreement with another person to lease  
15 back the same assets or real property.

16 "Health care practitioner." The term shall have the same  
17 meaning as in section 103 of the Health Care Facilities Act.

18 "Material amount." An amount equal to \$5,000,000 or more.

19 "Practitioner organization." A person, other than a health  
20 care facility, which is in the business of health care delivery  
21 or management and that represents health care practitioners in  
22 contracting with carriers or third-party administrators for the  
23 payment of health care services.

24 "Private equity company." A nonpublicly traded entity that  
25 collects capital investments from individuals or entities.

26 "Private equity fund." An entity that directly, or through  
27 an affiliate, acts as a control person and is any of the  
28 following:

29 (1) A person considered an investment company under 15  
30 U.S.C. § 80a-3 (relating to definition of investment

1 company), except for the application of 15 U.S.C. § 80a-3(c)  
2 (1) and (7).

3 (2) A venture capital fund as defined in 17 CFR  
4 275.203(1)-1 (relating to venture capital fund defined).

5 (3) A sovereign wealth fund.

6 "Professional licensing board." A professional licensing  
7 board within the Bureau of Professional and Occupational Affairs  
8 of the Department of State.

9 "Real estate investment trust." The term shall have the same  
10 meaning as in 26 U.S.C. § 856 (relating to definition of real  
11 estate investment trust).

## 12 CHAPTER 3

### 13 COVERED HEALTH CARE TRANSACTIONS

14 Section 301. Transactions against public interest.

15 (a) General rule.--Except as provided under subsection (b),  
16 a person may not enter into a covered transaction that is  
17 against the public interest.

18 (b) Exception.--An action prohibited under subsection (a)  
19 may be permitted when, as determined by the Attorney General,  
20 there is no feasible alternative to prevent a health care  
21 entity's closure or a greater loss of health care services.

22 Section 302. Filing of transactions.

23 (a) Duties of health care entity.--Prior to entering into a  
24 covered transaction, a health care entity shall complete one of  
25 the following:

26 (1) file a notification in accordance with subsection  
27 (b) and observe the waiting period under subsection (c); or  
28 (2) obtain a written determination from the Attorney  
29 General that the covered transaction is not against the  
30 public interest.

1 (b) Notice.--Notification of a covered transaction shall be  
2 submitted to the Attorney General and the department on a form  
3 and in a manner developed by the Attorney General. The  
4 notification shall include all of the following, as applicable:

5 (1) All organic documents, including articles of  
6 incorporation, bylaws, operating agreements and other  
7 documents related to governance and ownership of each party.

8 (2) All complete transaction documents with attachments,  
9 including collateral or ancillary agreements involving  
10 officers, directors or employees.

11 (3) All documents signed by the principals, or the  
12 principal's agents, that are necessary to determine the  
13 proposed transaction's effect, if any, on affiliates, whether  
14 nonprofit or for profit.

15 (4) Any of the following that comprise part or all of  
16 the transaction:

17 (i) Asset contribution agreements.

18 (ii) Operating agreements.

19 (iii) Management contracts.

20 (5) All information necessary to evaluate the effects of  
21 the transaction on each component of an integrated delivery  
22 system if that transaction involves a hospital, including any  
23 changes in contracts between the integrated delivery system  
24 entities and related physician groups.

25 (6) All financial documents of the transaction parties  
26 and related entities, if applicable, including audited  
27 financial statements, ownership records, business projection  
28 data, current capital asset valuation data and any records  
29 upon which future earnings, existing asset values and fair  
30 market value analysis can be based.

1 (7) All fairness opinions and independent valuation  
2 reports of the assets and liabilities of the parties,  
3 prepared on the parties' behalf.

4 (8) A list of all donor restricted assets, together with  
5 origination documents and current fund balances.

6 (9) All relevant contracts that may affect value,  
7 including business contracts and employee contracts, such as  
8 buy-out provisions, profit-sharing agreements and severance  
9 packages.

10 (10) All information and representations disclosing  
11 related party transactions that are necessary to assess  
12 whether the transaction is at arm's length or involves self-  
13 dealing.

14 (11) All documents relating to noncash elements of the  
15 transaction, including pertinent valuations of security for  
16 loans and stock restrictions.

17 (12) All tax-related information, including the  
18 existence of tax-free debt subject to redemption and  
19 disqualified person transactions yielding tax liability.

20 (13) A list of ongoing litigation, including full court  
21 captions, involving the transaction parties or the  
22 transaction parties' related entities, that may affect the  
23 interests of the parties.

24 (14) All information in the possession of the  
25 transacting parties relative to the perspective of the health  
26 care entity's patient base and communities served, or their  
27 representatives.

28 (15) All information, including internal and external  
29 reports and studies, bearing on the effect of the proposed  
30 transaction on the availability or accessibility of health

1 care in the affected community.

2 (16) A complete list of all insurance plans under  
3 contract and the policies' expiration dates.

4 (17) Organizational charts of the parties to the  
5 transaction, as they exist both preconsummation and  
6 postconsummation of the transaction, detailing the  
7 relationship between the principal parties, including any  
8 subsidiary.

9 (18) All additional documents that the Attorney General  
10 deems necessary for review purposes.

11 (c) Waiting period.--Prior to entering into a covered  
12 transaction, a health care entity shall undergo a 90-day waiting  
13 period, which shall begin on the date the Attorney General  
14 receives the notification required under subsection (b). Within  
15 two business days, the Attorney General shall confirm receipt of  
16 the notification with the health care entity that submitted the  
17 notification. Upon the expiration of the waiting period provided  
18 for under this subsection, and any extension of a waiting period  
19 under subsection (d), the covered transaction may proceed unless  
20 the Attorney General determines the covered transaction is  
21 against the public interest.

22 (d) Additional information and waiting period extensions.--

23 (1) The Attorney General may, no later than 30 days  
24 prior to the expiration of the waiting period under  
25 subsection (c), require the submission of additional  
26 information or documentary material from a person who is a  
27 party to the proposed covered transaction for which a  
28 notification was filed under subsection (b) or from any  
29 officer, director, partner, agent or employee of the person.

30 (2) The Attorney General may, in its discretion, extend

1 the waiting period under subsection (c) for an additional 30  
2 days for a covered transaction after the date on which the  
3 Attorney General receives either of the following from a  
4 person to whom a request is made under paragraph (1):

5 (i) all of the additional information and  
6 documentary material requested; or

7 (ii) if the request is not fully complied with, the  
8 information and documentary material submitted and a  
9 statement of the reasons for the noncompliance.

10 (3) Additional extensions of the waiting period beyond  
11 what is required under subsection (b) must be granted by a  
12 court in accordance with section 305.

13 Section 303. Public input.

14 (a) Public hearing.--Prior to the expiration of the  
15 respective waiting period under section 302(c), along with any  
16 extension granted under section 302(d), the Attorney General may  
17 conduct one or more public hearings on the proposed covered  
18 transaction.

19 (b) Accessibility.--

20 (1) A public hearing required under subsection (a) shall  
21 be live-streamed on the Attorney General's publicly  
22 accessible Internet website.

23 (2) A video recording of the public hearing shall be  
24 posted on the Attorney General's publicly accessible Internet  
25 website.

26 (c) Specific entities.--If a covered transaction involves  
27 the acquisition of a health care facility, the Attorney General  
28 may hold a public hearing in any county in which the acquired  
29 entity is located to hear comments from interested parties.

30 Interested parties shall include employees of the health care

1 entity, legal aid organizations, public officials and health  
2 advocacy organizations within a county in which the health care  
3 facility is located. The Attorney General may request testimony  
4 at a hearing from State agencies subject to section 306(d).

5 (d) Notice.--At least 14 days before the date of the public  
6 hearing, the Attorney General shall provide written notice of  
7 the date, time and place of the public hearing:

8 (1) On the Attorney General's publicly accessible  
9 Internet website.

10 (2) Through social and broadcast media.

11 (3) Through publication in one or more newspapers of  
12 general circulation in the affected community.

13 (4) To the governing body of each county in which the  
14 health care entity is located.

15 (e) Substantive changes to proposal.--If a substantive  
16 change in the covered transaction is submitted to the Attorney  
17 General after the initial public hearing, the Attorney General  
18 may conduct an additional public hearing to hear comments from  
19 interested parties with respect to the change.

20 Section 304. Determination and restraining prohibited  
21 transactions.

22 (a) Determination.--No later than the final date of  
23 expiration of the respective waiting period under section  
24 302(c), along with any extension granted under section 302(d),  
25 the Attorney General shall determine whether the covered  
26 transaction is likely to have an impact that is against the  
27 public interest.

28 (b) Department review.--Prior to making a determination  
29 whether a covered transaction is against the public interest,  
30 the Attorney General shall consult and request feedback from the

1 department regarding the covered transaction's potential impact  
2 on the existing patient base and affected community.

3 (c) Action.--If the Attorney General, in consultation with  
4 the department, determines that the proposed covered transaction  
5 is against the public interest under subsection (a), the  
6 Attorney General, on behalf of the Commonwealth, may:

7 (1) commence an action in a court of competent  
8 jurisdiction to enjoin the covered transaction; or

9 (2) enter into a voluntary agreement with the covered  
10 entity and the health care entity, which shall be filed with  
11 Commonwealth Court, that imposes conditions or otherwise  
12 mitigates the aspects that make the covered transaction  
13 against the public interest.

14 (d) Monitoring.--

15 (1) A voluntary agreement entered into under subsection  
16 (c) shall include an initial monitoring period of not more  
17 than five years. The monitoring period may be extended for  
18 additional periods of not more than five years at the  
19 discretion of the Attorney General.

20 (2) The Attorney General shall consult with the  
21 department prior to setting the length of the initial  
22 monitoring period and any extension.

23 (3) During the monitoring period, the Attorney General  
24 and the department shall monitor, evaluate and assess the  
25 covered entity and health care entity's compliance with the  
26 terms and conditions of the voluntary agreement.

27 (e) Costs of monitoring.--

28 (1) The covered entity shall pay for the costs of the  
29 Attorney General and the department's monitoring, evaluation  
30 and assessment of the covered entity and health care entity's

1 compliance with the terms and conditions of the voluntary  
2 agreement during a monitoring period established under  
3 subsection (d).

4 (2) The Attorney General, in consultation with the  
5 department, shall determine the amount of the compliance  
6 monitoring cost under this subsection, which shall be paid by  
7 the covered entity and placed in an escrow account during the  
8 monitoring period.

9 (f) Licensing.--A health care facility's license may not be  
10 revoked, denied, impeded or cited for noncompliance due solely  
11 to a filing or review under this chapter.

12 Section 305. Compliance and power of court.

13 If a person substantially fails to comply with the  
14 notification requirement under section 302(a) or any request for  
15 the submission of additional information or documentary material  
16 under section 302(b) within the respective waiting period under  
17 302(c), along with any extension granted under section 302(d),  
18 the court may, in its discretion, do any or all of the  
19 following:

20 (1) Order compliance.

21 (2) Extend the waiting period until there has been  
22 substantial compliance.

23 (3) Grant other equitable relief as the court determines  
24 necessary or appropriate.

25 Section 306. Powers and duties of Attorney General.

26 (a) Rules and regulations.--The Attorney General, in  
27 coordination with the department, shall issue rules and  
28 promulgate regulations as may be necessary to carry out and  
29 enforce this chapter. The department and the Attorney General  
30 shall ensure that the rules and regulations of the department

1 and the Attorney General are not in conflict.

2 (b) Contracts.--

3 (1) The Attorney General may do any of the following:

4 (i) Contract with, share information with and  
5 consult and receive advice from any Federal agency or  
6 Commonwealth agency as the Attorney General deems  
7 appropriate to implement this chapter.

8 (ii) At the Attorney General's sole discretion,  
9 contract with experts or consultants to assist in  
10 reviewing the proposed covered transaction.

11 (2) The cost of a contract entered into under paragraph  
12 (1) must be an amount that is reasonable and necessary to  
13 conduct the review and evaluation and in accordance with the  
14 following:

15 (i) A contract may be on a noncompetitive bid basis.

16 (ii) Upon request, the Attorney General shall be  
17 paid promptly for all contract costs by the entities  
18 seeking approval or the covered transaction.

19 (3) The Attorney General shall be entitled to  
20 reimbursement from the entities seeking consent for the  
21 covered transaction for all actual, reasonable and direct  
22 costs incurred in reviewing, evaluating and making a  
23 determination under section 304(a), including administrative  
24 costs. The entities seeking consent shall promptly pay the  
25 Attorney General, upon request, for the costs.

26 (4) Notwithstanding the other provisions of this act, a  
27 covered transaction may not be completed unless an agreement  
28 has been executed between the Attorney General and the  
29 covered entity, the health care entity or both for the  
30 payment of costs in accordance with this subsection.

1 (c) Compliance.--If a covered entity or health care entity  
2 enters into a voluntary agreement with the Commonwealth under  
3 section 304(c) (2):

4 (1) The Attorney General shall monitor, assess and  
5 evaluate a covered entity and health care entity to ensure  
6 compliance with the terms and conditions of the voluntary  
7 agreement for the duration of the monitoring period  
8 established under section 304(d).

9 (2) The Attorney General may request documents and other  
10 information from a covered entity or a health care entity, or  
11 both, to monitor compliance with the terms of the voluntary  
12 agreement under section 304(c). Upon receiving a request from  
13 the department, a covered entity or health care entity shall  
14 comply with the request within 30 days.

15 (3) If the Attorney General determines that the health  
16 care entity or covered entity has failed to comply with terms  
17 of the voluntary agreement, the Attorney General may seek  
18 immediate relief in Commonwealth Court to enforce the  
19 conditions of the voluntary agreement and may impose any  
20 penalties authorized by law or the terms of the voluntary  
21 agreement.

22 (d) Agency cooperation.--

23 (1) The department, the Department of Aging, the  
24 Department of Human Services and the Insurance Department  
25 shall assist the Attorney General in reviewing the proposed  
26 agreement and transaction, if requested, and shall comply  
27 with any request for testimony or information as may be  
28 necessary and appropriate for the Attorney General to review  
29 a proposed covered transaction.

30 (2) The Attorney General shall comply with any request

1 for information from the Insurance Department as may be  
2 necessary and appropriate for the Insurance Department to  
3 concurrently review a proposed transaction under Article XIV  
4 of the act of May 17, 1921 (P.L.682, No.284), known as The  
5 Insurance Company Law of 1921. Documents provided by the  
6 Attorney General to the Insurance Department under this  
7 paragraph shall be treated as confidential and are exempt  
8 from public access under the act of February 14, 2008 (P.L.  
9 6, No.3), known as the Right-to-Know Law.

10 (3) The Attorney General shall comply with any request  
11 for information from the department as may be necessary and  
12 appropriate to concurrently review a proposed transaction  
13 under the act of July 19, 1979 (P.L.140, No.48), known as the  
14 Health Care Facilities Act. Documents provided by the  
15 Attorney General to the department under this paragraph shall  
16 be treated as confidential and are exempt from public access  
17 under the Right-to-Know Law.

18 Section 307. Powers and duties of department.

19 (a) Rules and regulations.--The department, in coordination  
20 with the Attorney General, shall issues rules and promulgate  
21 regulations as may be necessary to carry out and enforce this  
22 chapter. The department and the Attorney General shall ensure  
23 that the rules and regulations of the department and the  
24 Attorney General are not in conflict.

25 (b) Compliance.--If a health care facility or covered entity  
26 enters into a voluntary agreement with the Commonwealth under  
27 section 304(c):

28 (1) The department shall monitor, assess and evaluate a  
29 health care facility and covered entity to ensure compliance  
30 with the terms and conditions of the voluntary agreement. If

1 the department determines the health care facility or covered  
2 entity has failed to comply with terms of the voluntary  
3 agreement, the department shall immediately notify the  
4 Attorney General of its findings.

5 (2) The department may request documents and other  
6 information from a covered entity, a health care facility or  
7 both to monitor compliance with the terms of the voluntary  
8 agreement under section 304(c). Upon receiving a request from  
9 the department, a covered entity or health care facility  
10 shall comply with the request within 30 days.

11 (3) The department shall be reimbursed from an escrow  
12 account established under section 304(e) for costs related to  
13 the ongoing monitoring, assessment and evaluation of a health  
14 care facility and covered entity's compliance with the terms  
15 and conditions of the voluntary agreement during the  
16 monitoring period.

17 Section 308. Confidential treatment.

18 (a) Confidentiality.--All information, documents, materials  
19 and copies thereof in the possession or control of the Attorney  
20 General or the department that are produced for, obtained by or  
21 disclosed to the Attorney General or the department in the  
22 course of a covered entity or health care entity complying with  
23 the requirements of section 302(b), 306(c) or (d) or 307(b)  
24 shall be privileged and given confidential treatment and shall  
25 not be:

26 (1) Subject to discovery or admissible in evidence in a  
27 private civil action.

28 (2) Subject to subpoena.

29 (3) Subject to the act of February 14, 2008 (P.L.6,  
30 No.3), known as the Right-to-Know Law.



1 the department to oversee and approve or disapprove the  
2 change of ownership of or regulate a health care facility  
3 under the act of July 1, 1979 (P.L.130, No.48), known as the  
4 Health Care Facilities Act.

5 (3) Narrow, abrogate or otherwise alter the authority of  
6 a professional licensing board to issue, suspend or revoke a  
7 health care practitioners license or regulate the practice of  
8 the health arts in this Commonwealth.

9 (4) Prohibit a Federal agency, Commonwealth agency or  
10 other state agency from regulating a covered transaction or  
11 joining as party in an action seeking to enjoin a covered  
12 transaction, including the Insurance Department's  
13 jurisdiction to review an exposed transaction under Article  
14 XIV of the act of May 17, 1921 (P.L.682, No.284), known as  
15 The Insurance Company Law of 1921.

16 Section 1002. Effective date.

17 This act shall take effect in 60 days.