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H.71

Introduced by Representatives Bluemle of Burlington, Cordes of Bristol,  
Berbeco of Winooski, Black of Essex, Cina of Burlington,  
Goldman of Rockingham, and Page of Newport City

Referred to Committee on

Date:

Subject: Health; health care facilities; Green Mountain Care Board; Attorney  
General; health care entity transactions; corporate practice of  
medicine

Statement of purpose of bill as introduced: This bill proposes to require health  
care entities to provide notice to the Green Mountain Care Board and Attorney  
General before entering into certain types of transactions and would direct the  
Board, in consultation with the Attorney General, to review certain proposed  
transactions and approve, approve with conditions, or disapprove them. The  
bill would prohibit corporations from practicing medicine or otherwise  
interfering with health care providers' professional judgment and clinical  
decision making. The bill would also require public reporting on ownership  
and control of certain health care entities.

An act relating to health care entity transaction oversight and clinical  
decision making

1 It is hereby enacted by the General Assembly of the State of Vermont:

2 Sec. 1. 18 V.S.A. chapter 226 is added to read:

3 CHAPTER 226. TRANSACTION OVERSIGHT AND CLINICAL

4 DECISION MAKING

5 Subchapter 1. General Provisions

6 § 9521. DEFINITIONS

7 As used in this chapter:

8 (1) “Acquisition” means the direct or indirect purchase in any manner,  
9 including by lease, transfer, exchange, option, receipt of a conveyance,  
10 creation of a joint venture, or any other manner of purchase, such as by a  
11 health care system, private equity group, hedge fund, publicly traded company,  
12 real estate investment trust, management services organization, insurance  
13 company, or a subsidiary of any of these entities, of a material amount of the  
14 assets or operations of a health care entity.

15 (2) “Affiliate” means:

16 (A) a person who directly, indirectly, or through one or more  
17 intermediaries, controls, is controlled by, or is under common control or  
18 ownership of another person;

19 (B) a person whose business is operated under a lease, management,  
20 or operating agreement by another entity, or a person substantially all of whose

1 property is operated under a management or operating agreement with that  
2 other entity;

3 (C) an entity that operates the business or substantially all of the  
4 property of another entity under a lease, management, or operating agreement;  
5 or

6 (D) any out-of-state operations or corporate affiliate of an affiliate, as  
7 defined in subdivision (A), (B), or (C) of this subdivision (2), including  
8 significant equity investors, health care real estate investment trusts, and  
9 management services organizations.

10 (3) “Change of control” means an arrangement in which any other  
11 person acquires direct or indirect control over the operations of a health care  
12 entity in whole or in substantial part. As used in this subdivision,  
13 “arrangement” includes any agreement, association, partnership, joint venture,  
14 management services agreement, professional services agreement, health care  
15 staffing company agreement, or other arrangement that results in a change of  
16 governance or control of a health care entity or a department, subdivision, or  
17 subsidiary of a health care entity.

18 (4) “Control,” including “controlling,” “controlled by,” and “under  
19 common control with,” means the direct or indirect power through ownership,  
20 contractual agreement, or otherwise, to:

1           (A) vote more than 10 percent of any class of voting shares of a  
2           health care entity; or

3           (B) direct the actions or policies of the specified entity.

4           (5) “Health care entity” means a health care provider, health care  
5           facility, provider organization, pharmacy benefit manager as defined in section  
6           3602 of this title, or health insurer as defined in section 9402 of this title that  
7           offers a health insurance plan in this State.

8           (6) “Health care facility” has the same meaning as in section 9432 of  
9           this title.

10          (7) “Health care provider” has the same meaning as in section 9402 of  
11          this title.

12          (8) “Health care services” has the same meaning as in section 9481 of  
13          this title and includes all of the following:

14               (A) inpatient, outpatient, habilitative, rehabilitative, dental, palliative,  
15               therapeutic, supportive, nursing home, home health, mental health, and  
16               substance use disorder services provided by a health care entity;

17               (B) pharmacy services, including drugs, devices, and medical  
18               supplies;

19               (C) performance of functions to refer, arrange, and coordinate care;

20               (D) durable medical equipment, diagnostic equivalent, surgical  
21               devices, and infusion equipment; and

1           (E) technology associated with providing the services and equipment  
2           set forth in subdivisions (A)–(D) of this subdivision (8), such as telehealth,  
3           electronic health records, software, claims processing, and utilization systems.

4           (9) “Health care staffing company” means a person engaged in the  
5           business of providing or procuring health care personnel for temporary  
6           employment or contracting by a health care facility, but does not include an  
7           individual who independently provides the individual’s own services on a  
8           temporary basis to health care facilities as an employee or contractor.

9           (10) “Licensee” means an individual licensed in this State as a physician  
10           pursuant to 26 V.S.A. chapter 23 or 33, as an advanced practice registered  
11           nurse pursuant to 26 V.S.A. chapter 28, or as a physician assistant pursuant to  
12           26 V.S.A. chapter 31 who is authorized to diagnose and treat in the applicable  
13           clinical setting.

14           (11) “Management services organization” means any organization or  
15           entity that contracts with a health care provider or provider organization to  
16           perform management or administrative services relating to, supporting, or  
17           facilitating the provision of health care services.

18           (12)(A) “Material change transaction” means any of the following,  
19           occurring during a single transaction or in a series of related transactions  
20           involving a health care entity within the State that has total assets, annual

1 revenues, or anticipated annual revenues for new entities, of at least  
2 \$1,000,000.00, including both in-state and out-of-state assets and revenues:  
3 (i) a corporate merger including one or more health care entities;  
4 (ii) an acquisition of one or more health care entities, including  
5 insolvent health care entities;  
6 (iii) any affiliation, arrangement, or contract that results in a  
7 change of control for a health care entity;  
8 (iv) the formation of a partnership, joint venture, accountable care  
9 organization, parent organization, or management services organization for the  
10 purpose of administering contracts with health insurers, third-party  
11 administrators, pharmacy benefit managers, or health care providers;  
12 (v) a sale, purchase, lease, affiliation, or transfer of control of a  
13 board of directors or governing body of a health care entity;  
14 (vi) a real estate sale or lease agreement involving a material  
15 amount of assets of a health care entity; or  
16 (vii) the closure of a health care facility, or the closure,  
17 discontinuance, or significant reduction of any essential health service  
18 provided by a health care entity that is either a provider organization or health  
19 care facility or any new contracts or clinical or contractual affiliations that will  
20 eliminate or significantly reduce essential services.

1           (B) “Material change transaction” does not include any of the  
2           following:

3                   (i) a clinical affiliation of health care entities formed solely for the  
4           purpose of collaborating on clinical trials;

5                   (ii) graduate medical education programs;

6                   (iii) the mere offer of employment to, or hiring of, an individual  
7           health care provider; or

8                   (iv) situations in which the health care entity directly, or indirectly  
9           through one or more intermediaries, already controls, is controlled by, or is  
10           under common control with, all other parties to the transaction, such as a  
11           corporate restructuring.

12           (13) “Medical practice” means a corporate entity or partnership  
13           organized for the purpose of practicing medicine and permitted to practice  
14           medicine in this State, including partnerships, professional corporations,  
15           limited liability companies, and limited liability partnerships.

16           (14) “Noncompetition agreement” means a written agreement between a  
17           licensee and another person in which the licensee agrees that the licensee,  
18           either alone or as an employee, associate, or affiliate of a third person, will not  
19           compete with the other person in providing products, processes, or services  
20           that are similar to the other person’s products, processes, or services for a  
21           period of time or within a specified geographic area after termination of

1 employment or termination of a contract under which the licensee supplied  
2 goods to or performed services for the other person.

3 (15) “Nondisclosure agreement” means a written agreement under the  
4 terms of which a licensee must refrain from disclosing partially, fully, directly,  
5 or indirectly to any person, other than another party to the written agreement or  
6 to a person specified in the agreement as a third-party beneficiary of the  
7 agreement:

8 (A) a policy or practice that a party to the agreement required the  
9 licensee to use in patient care, other than individually identifiable health  
10 information that the licensee must not disclose under the Health Insurance  
11 Portability and Accountability Act of 1996, Pub. L. No. 104-191;

12 (B) a policy, practice, or other information about or associated with  
13 the licensee’s employment, conditions of employment, or rate or amount of  
14 pay or other compensation; or

15 (C) any other information the licensee possesses or to which the  
16 licensee has access by reason of the licensee’s employment by, or provision of  
17 services for or on behalf of, a party to the agreement, other than information  
18 that is subject to protection under applicable law as a trade secret of, or  
19 otherwise proprietary to, another party to the agreement or to a person  
20 specified in the agreement as a third-party beneficiary of the agreement.



1           (16) “Nondisparagement agreement” means a written agreement under  
2           which a licensee must refrain from making to a third party a statement about  
3           another party to the agreement or about another person specified in the  
4           agreement as a third-party beneficiary of the agreement, the effect of which  
5           causes or threatens to cause harm to the other party’s or person’s reputation,  
6           business relations, or other economic interests.

7           (17) “Ownership or investment interest” means any of the following:

8                   (A) direct or indirect possession of equity in the capital, stock, or  
9                   profits totaling more than five percent of an entity;

10                   (B) interest held by an investor or group of investors who engage in  
11                   the raising or returning of capital and who invest, develop, or dispose of  
12                   specified assets; or

13                   (C) interest held by a pool of funds by investors, including a pool of  
14                   funds managed or controlled by private limited partnerships, if those investors  
15                   or the management of that pool or private limited partnership employs  
16                   investment strategies of any kind to earn a return on that pool of funds.

17           (18) “Private equity fund” means a publicly traded or nonpublicly traded  
18           company that collects capital investments from individuals or entities and  
19           purchases a direct or indirect ownership share or controlling interest of a health  
20           care entity.

1           (19) “Provider organization” means any corporation, partnership,  
2           business trust, association, or organized group of persons that is in the business  
3           of health care delivery or management, whether incorporated or not, that  
4           represents one or more health care providers in contracting with health insurers  
5           for payment for health care services. The term includes physician  
6           organizations, physician-hospital organizations, independent practice  
7           associations, provider networks, accountable care organizations, management  
8           services organizations, and any other organization that contracts with health  
9           insurers for payment for health care services.

10           (20) “Significant equity investor” means:

11           (A) any private equity fund with a direct or indirect ownership or  
12           investment interest in a health care facility;

13           (B) an investor, group of investors, or other entity with a direct or  
14           indirect possession of equity in the capital, stock, or profits totaling more than  
15           10 percent of a provider or provider organization; or

16           (C) any private equity fund, investor, group of investors, or other  
17           entity with a direct or indirect controlling interest in a health care entity or that  
18           operates the business or substantially all the property of a health care entity  
19           under a lease, management, or operating agreement.

1           Subchapter 2. Review of Proposed Health Care Facility Transactions

2           § 9525. NOTICE

3           (a) Notice required. Any health care entity shall, prior to consummating  
4           any material change transaction, submit written notice to the Green Mountain  
5           Care Board and the Attorney General not fewer than 180 days before the date  
6           of the proposed material change transaction. Notice shall be considered  
7           received on the first business day after the Green Mountain Care Board  
8           determines that notice is complete.

9           (b) Contents of notice. Written notice shall include and contain the  
10           information the Green Mountain Care Board and the Attorney General  
11           determine is required. The health care entity may include any additional  
12           information supporting the written notice of the material change transaction.  
13           Notice is complete when the Green Mountain Care Board and the Attorney  
14           General determine that all required information has been received.

15           (c) Confidentiality.

16           (1) All information provided by the submitter as part of the notice shall  
17           be available for public inspection and copying under the Public Records Act  
18           unless the submitter designates specific documents or information as  
19           confidential when submitting the notice and the Green Mountain Care Board  
20           and the Attorney General concur with the designation in accordance with a  
21           process established by the Green Mountain Care Board by rule. Information

1 that is otherwise publicly available, or that has not been confidentially  
2 maintained by the source, shall be considered public information.

3 (2) The Green Mountain Care Board and the Attorney General shall  
4 maintain the confidentiality of all confidential information that is obtained in  
5 relation to a material change transaction, except that the Green Mountain Care  
6 Board and the Attorney General may share confidential information with each  
7 other to carry out their respective authorities under this chapter and may  
8 disclose any information to an expert or consultant under contract with the  
9 Green Mountain Care Board or the Attorney General, provided that the expert  
10 or consultant is bound by the same confidentiality requirements as the Board  
11 and the Attorney General.

12 (3) Any information and documents determined to be confidential  
13 pursuant to subdivision (1) of this subsection shall be exempt from public  
14 inspection and copying under the Public Records Act and shall be kept  
15 confidential.

16 (d) Public notice. Within 10 days after receiving written notice of a  
17 material change transaction, the Green Mountain Care Board shall post on a  
18 publicly available website information about the material change transaction,  
19 including:

20 (1) a summary of the proposed transaction, including the identity of the  
21 parties to the transaction;

1           (2) an explanation of the groups or individuals likely to be impacted by  
2           the transaction;

3           (3) information about services currently provided by the health care  
4           entity, commitments by the health care entity to continue such services, and  
5           any services that will be reduced or eliminated;

6           (4) details about any public hearings regarding the proposed transaction;

7           (5) how to submit public comments regarding the proposed transaction;  
8           and

9           (6) any other information from the notice and other materials submitted  
10          by the health care entity that the Green Mountain Care Board or the Attorney  
11          General determines would be in the public interest, except for materials  
12          designated confidential under subsection (c) of this section.

13          § 9526. PRELIMINARY REVIEW

14          (a) Within 30 days following receipt of a notice of material change  
15          transaction as set forth in section 9525 of this chapter, and unless otherwise  
16          provided in subsection (b) of this section, the Green Mountain Care Board, in  
17          consultation with the Attorney General, shall do one of the following:

18                 (1) Approve the material change transaction and notify the health care  
19                 entity in writing that a comprehensive review is not required for the material  
20                 change transaction.

1           (2) Approve the material change transaction subject to conditions set by  
2           the Green Mountain Care Board and notify the health care entity in writing of  
3           the conditions under which the transaction may be completed.

4           (3) Notify the health care entity in writing that the transaction is subject  
5           to a comprehensive review. The Green Mountain Care Board or the Attorney  
6           General, or both, may request additional information necessary to perform a  
7           comprehensive review under section 9527 of this chapter.

8           (b)(1) A comprehensive review shall be required when any of the following  
9           applies to the material change transaction:

10           (A) the transaction will result in the transfer of assets valued above  
11           \$1,000,000.00;

12           (B) the transaction occurs in a highly consolidated market for any  
13           line of services offered by any party to the material change transaction;

14           (C) the transaction will cause a significant change in market share,  
15           such that any resulting health care entity possesses market power upon  
16           completion;

17           (D) the transaction will otherwise lessen competition, including  
18           effects of vertical or cross-market transactions among different product or  
19           geographic markets;

20           (E) either party to the material change transaction possesses market  
21           power prior to the transaction; or

1           (F) the Green Mountain Care Board or the Attorney General, or both,  
2           at their sole discretion, determine that the material change transaction is likely  
3           to have a material impact on the cost, quality, equity, or access to health care  
4           services in any region in the state.

5           (2) For purposes of this subsection, “market power” means possessing  
6           30 percent or more of the market share in any line of service in the relevant  
7           geographic area or under other criteria that the Green Mountain Care Board  
8           may define by rule.

9           (c) Nothing in this section shall be deemed to limit or infringe upon the  
10           existing authority of any State agency, including the Green Mountain Care  
11           Board, the Department of Financial Regulation, the Department of Health, or  
12           the Attorney General, to review any transactions.

13           § 9527. COMPREHENSIVE REVIEW PROCESS

14           (a) Not later than 90 days after determining that a transaction is subject to a  
15           comprehensive review, the Green Mountain Care Board shall conduct one or  
16           more public hearings or public meetings, one of which shall be in the county in  
17           which the health care entity is located, to hear comments from interested  
18           parties.

19           (b) The Green Mountain Care Board shall conduct a cost and market  
20           impact review of the proposed transaction in consultation with the Attorney  
21           General. The cost and market impact review shall examine factors relating to

1 the proposed transaction, the transacting parties, and their relative market  
2 position, including:

3 (1) the market share of each transacting party and the likely effects of  
4 the transaction on competition;

5 (2) any previous transaction involving any transacting party, including  
6 acquisitions of or mergers with similar health care providers, whether or not in  
7 the same state;

8 (3) the prices charged by any of the transacting parties for services,  
9 including their relative prices compared to others' prices for the same services  
10 in the same geographic area;

11 (4) the quality of the services provided by any health care provider or  
12 providers that are party to the transaction, including patient experience;

13 (5) the cost and cost trends of the transacting entities in comparison to  
14 total health care expenditures statewide;

15 (6) the availability and accessibility of services similar to those  
16 provided, or proposed to be provided, through any provider or provider  
17 organization that is party to the transaction within its primary service areas and  
18 dispersed service areas;

19 (7) the impact of the material change transaction on competing options  
20 for the delivery of health care services within the transacting parties' primary  
21 service areas and dispersed service areas;



1           (8) the role of the transacting parties in serving at-risk, underserved, and  
2           government payer patient populations;

3           (9) the role of the transacting parties in providing low-margin or  
4           negative-margin services within their primary service areas and dispersed  
5           service areas;

6           (10) any consumer concerns, including complaints or other allegations  
7           that any provider or provider organization that is party to the transaction has  
8           engaged in any unfair method of competition or any unfair or deceptive act or  
9           practice;

10           (11) the transaction parties' compliance with prior conditions and legal  
11           requirements related to competitive conduct, including compliance with  
12           corporate practice of medicine requirements under subchapter 3 of this chapter  
13           and reporting requirements regarding health care entity ownership and control  
14           under subchapter 4 of this chapter;

15           (12) the impact of the transaction on the clinical workforce, including  
16           wages, staffing levels, supply, patient access, and continuity of patient-care  
17           relationships;

18           (13) the impact of any real estate sale or lease agreement related to the  
19           transaction on the financial condition of each health care entity that is party to  
20           the transaction and its ability to maintain patient care operations;

1           (14) in the case of a proposed closure or discontinuance of a health care  
2           facility or any essential health services, the impact of the closure on health care  
3           access, outcomes, costs, and equity for those in the health care facility’s  
4           service area, and the health care facility’s plan for ensuring equitable access,  
5           quality, affordability, and availability of essential health services within the  
6           service area; and

7           (15) any other factors that the Green Mountain Care Board or the  
8           Attorney General determines to be in the public interest.

9           (c)(1)(A) Each party to the proposed transaction shall provide to the Green  
10          Mountain Care Board and the Attorney General:

11           (i) a copy of the party’s audited financial statements and the  
12          details of all other transactions related to the proposed transaction, such as  
13          investments and loans to organizations in the party’s portfolio, as well as any  
14          other information provided to the party’s investors regarding the proposed  
15          transaction;

16           (ii) information regarding any and all plans the party has to earn  
17          investor returns, payouts, dividends, or related private payments during the  
18          operation of and upon exit from the ownership of or contract with a health care  
19          provider; and

20           (iii) a plain language summary of all of the means by which the  
21          party plans to generate profits related to the proposed transaction.

1           (B) All materials acquired by the Green Mountain Care Board and  
2           Attorney General pursuant to subdivision (A) of this subdivision (c)(1) shall be  
3           made available to the public except to the extent that a document or other item  
4           would be exempt from public inspection and copying under the Public Records  
5           Act.

6           (2) The Green Mountain Care Board may request additional information  
7           or documents from the transacting parties necessary to conduct a cost and  
8           market impact review. Failure to respond or insufficient responses to requests  
9           for information by transacting parties may result in the extension of the  
10           deadline for the Green Mountain Care Board to complete the cost and market  
11           impact review, the imposition of conditions for approval, or the disapproval of  
12           the material change transaction.

13           (3) The Office of the Health Care Advocate shall have the right to  
14           receive copies of all materials related to the proposed transaction and the  
15           comprehensive review and may submit comments for the Board's  
16           consideration. The Office of the Health Care Advocate shall not further  
17           disclose any confidential or proprietary information provided to the Office  
18           pursuant to this section.

19           (d) All confidential or otherwise nonpublic information and documents  
20           produced or obtained under this section are exempt from public inspection and  
21           copying under the Public Records Act and shall be kept confidential. The

1 Green Mountain Care Board and the Attorney General shall not disclose the  
2 confidential information or documents to any person other than the Office of  
3 the Health Care Advocate without the consent of the party that produced the  
4 confidential information or documents, except that the Green Mountain Care  
5 Board and the Attorney General may disclose any information to any other  
6 State agency and to an expert or consultant under contract with the Green  
7 Mountain Care Board or the Attorney General, or both, to review the proposed  
8 transaction, provided that the State agency, expert, or consultant is bound by  
9 the same confidentiality requirements as the Green Mountain Care Board and  
10 the Attorney General.

11 (e) The Green Mountain Care Board and the Attorney General may, in their  
12 sole discretion:

13 (1) contract with, consult, and receive advice from any State agency as  
14 the Green Mountain Care Board or the Attorney General, or both, deems  
15 appropriate; and

16 (2) contract with experts or consultants to assist in reviewing the  
17 proposed agreement or transaction.

18 (f)(1) Not more than 120 days after determining that the transaction is  
19 subject to a comprehensive review under this section, the Green Mountain  
20 Care Board shall produce a cost and market impact review report containing  
21 the findings and conclusions of the cost and market impact review, provided

1 that the health care entity has complied with the requests for information or  
2 documents pursuant to this section within 21 days following the request or by a  
3 later date set by mutual agreement of the health care entity and the Green  
4 Mountain Care Board or the Attorney General, as applicable. The cost and  
5 market impact review report shall be posted publicly and shall not disclose  
6 confidential information.

7 (2) The Green Mountain Care Board may adopt rules creating an  
8 expedited process for conducting a cost and market impact review for  
9 transactions resulting in a transfer of assets not to exceed \$1,500,000.00 if  
10 there are few competitive concerns or involving a distressed provider in danger  
11 of closing, or both.

12 (g) The Green Mountain Care Board and the Attorney General shall be  
13 entitled to charge their costs to the transacting parties for all actual, reasonable,  
14 direct costs incurred in reviewing, evaluating, and making the determination  
15 referred to in this section, including administrative costs and the costs of  
16 contracted experts or consultants pursuant to subsection (e) of this section.

17 § 9528. APPROVAL AUTHORITY

18 (a)(1) The Green Mountain Care Board, in consultation with the Attorney  
19 General, shall have discretion to approve, conditionally approve, or disapprove  
20 of any material change transaction for which the Green Mountain Care Board  
21 receives notice under section 9525 of this chapter. Any conditions imposed

1 pursuant to this section shall specify a time period for compliance, an  
2 expiration date, or that the condition applies indefinitely.

3 (2) Notwithstanding subdivision (1) of this subsection, in the case of a  
4 material change transaction involving a health insurer that would be subject to  
5 review and approval by the Department of Financial Regulation, the Green  
6 Mountain Care Board shall make a recommendation to the Department of  
7 Financial Regulation based on the Green Mountain Care Board's review  
8 whether the transaction should be approved, disapproved, or conditionally  
9 approved.

10 (b) The Green Mountain Care Board shall inform the health care entity of  
11 its determination within 30 days following receipt of notice under section 9525  
12 of this chapter or, in the case of comprehensive review, within 60 days  
13 following the completion of the cost and market impact review. No proposed  
14 material change transaction shall be completed before the Green Mountain  
15 Care Board has informed the health care entity of its determination.

16 (c) In making its determination, Green Mountain Care Board, in  
17 consultation with the Attorney General, may consider any factors that the  
18 Board or the Attorney General deems relevant, including:

19 (1) the likely impact, as described in the cost and market impact review  
20 report where applicable, of the material change transaction on:

21 (A) health care costs, prices, and affordability;

- 1           (B) the availability or accessibility of health care services to the  
2 affected community;
- 3           (C) provider cost trends and containment of total State health care  
4 spending;
- 5           (D) access to services in medically underserved areas;
- 6           (E) rectifying historical and contemporary factors contributing to a  
7 lack of health equities or access to services;
- 8           (F) the functioning and competitiveness of the markets for health care  
9 and health insurance;
- 10           (G) the potential effects of the transaction on health outcomes,  
11 quality, access, equity, or workforce, or a combination of these, for residents of  
12 this State; and
- 13           (H) the potential loss or change in access to essential services;
- 14           (2) whether the material change transaction is contrary to or violates any  
15 applicable law, including State antitrust laws, laws restricting the corporate  
16 practice of medicine, and consumer protection laws;
- 17           (3) whether the benefits of the transaction are likely to outweigh the  
18 anticompetitive effects from the transaction; and
- 19           (4) whether the transaction is in the public interest and advances the  
20 principles set forth in section 9371 of this title.

1       (d) The Green Mountain Care Board shall not approve a material change  
2       transaction if any of the following conditions is met:

3           (1) the transaction would give a party ownership of the core business  
4       operations of an essential community provider, as defined in 45 C.F.R.  
5       § 156.235;

6           (2) the transaction involves financing the acquisition of a health care  
7       entity through the use of debt that will become an obligation of one or more of  
8       the health care entities that are party to the transaction;

9           (3) the transaction involves issuing dividends or other shareholder  
10       returns financed by debt that will become an obligation of one or more of the  
11       health care entities that are party to the transaction;

12           (4) the transaction involves entering into any contract or other service or  
13       purchasing arrangement with an affiliated legal entity, except for a contract or  
14       arrangement to provide services or products, or both, that are necessary to  
15       accomplish the legitimate health care purposes of the relevant health care  
16       entity and the contract or arrangement provides for compensation or  
17       reimbursement that is consistent with the fair market value of the services  
18       rendered or products delivered; or

19           (5) the transaction would result in one or more health care entities that  
20       does not accept, or that places limitations on, patients covered by Medicaid,  
21       original Medicare, or Medicare Advantage.



1       (e) Nothing in this section shall be construed to limit or alter any existing  
2       authority of the Attorney General or any other State agency to enforce any  
3       other law, including State or federal antitrust law, or to review transactions  
4       involving nonprofit entities.

5       § 9529. POST-TRANSACTION OVERSIGHT

6       (a) Enforcement by the Office of the Attorney General.

7               (1) The Attorney General may subpoena any records necessary to  
8       enforce any provisions of this chapter or to investigate suspected violations of  
9       any provisions of this chapter or any conditions imposed by conditional  
10       approval pursuant to section 9528 of this chapter. The Attorney General may  
11       audit the books, documents, records, and data of any entity that is subject to a  
12       conditional approval under section 9528 of this chapter to monitor compliance  
13       with the conditions.

14               (2)(A) The Attorney General may enforce any requirement of this  
15       chapter and any conditions imposed by a conditional approval pursuant to  
16       section 9528 of this chapter to the fullest extent provided by law, including  
17       damages. In addition to any legal remedies the Attorney General may have,  
18       the Attorney General shall be entitled to specific performance, injunctive  
19       relief, and other equitable remedies a court deems appropriate for any  
20       violations or imminent violation of any requirement of this chapter or breach  
21       of any of the conditions and shall be entitled to recover the Office of the

1 Attorney General's attorney's fees and costs incurred in remedying each  
2 violation.

3 (B) In addition to the remedies set forth in subdivision (A) of this  
4 subdivision (a)(2), the Attorney General may impose administrative penalties  
5 for any violation of this chapter or of any conditions imposed pursuant to a  
6 conditional approval under section 9528 of this chapter and may rescind or  
7 deny approval for any other past, pending, or future material change  
8 transactions involving the health care entity or an affiliate.

9 (3) Nothing in this subsection shall be deemed to narrow, abrogate, or  
10 otherwise alter the authority of the Attorney General to prosecute violations of  
11 antitrust or consumer protection requirements.

12 (b) Compliance monitoring. In order to effectively monitor ongoing  
13 compliance with the terms and conditions of any transaction subject to prior  
14 notice, approval, or conditional approval under this chapter, the Green  
15 Mountain Care Board and the Attorney General may, in their sole discretion,  
16 conduct a review or audit and may contract with experts and consultants to  
17 assist in this regard.

18 (c) Annual reporting. Annually following the completion of the material  
19 change transaction approved or conditionally approved by the Green Mountain  
20 Care Board after a comprehensive review under section 9527 of this chapter,  
21 the health care entity or other person that acquired direct or indirect control

1 over the health care entity shall submit a report to the Green Mountain Care  
2 Board and the Attorney General that:

3 (1) demonstrates compliance with conditions placed on the transaction,  
4 if any;

5 (2) analyzes cost trends and cost growth trends of the parties to the  
6 transaction; and

7 (3) analyzes any changes or effects of the transaction on patient access,  
8 availability of services, workforce, quality, or equity.

9 (d) Costs. The Green Mountain Care Board and the Attorney General shall  
10 be entitled to charge costs to the transacting parties for all actual, reasonable,  
11 and direct costs incurred in monitoring ongoing compliance with the terms and  
12 conditions of the sale or transfer of assets, including contractor and  
13 administrative costs.

14 Subchapter 3. Prohibition on Corporate Practice of Medicine

15 § 9531. CORPORATE PRACTICE OF MEDICINE PROHIBITED

16 (a) It is unlawful for an individual, corporation, partnership, or  
17 any other entity without a license under 26 V.S.A. chapter 23 or 33 to own a  
18 medical practice, employ licensees, or otherwise engage in the practice of  
19 medicine.

20 (b) Notwithstanding subsection (a) of this section, an individual,  
21 corporation, partnership, or any other entity without a license under 26 V.S.A.

1 chapter 23 or 33 that is permitted to employ licensees under section 9532 of  
2 this chapter shall not indirectly or directly interfere with, control, or otherwise  
3 direct the professional judgment or clinical decisions of a licensee.

4 § 9532. CORPORATE ENTITIES PERMITTED TO EMPLOY

5 PHYSICIANS

6 (a) A medical practice organized for the purpose of practicing medicine  
7 may employ physicians and engage in the practice of medicine only if all of  
8 the following conditions are met:

9 (1) Licensees who are licensed in this State to practice medicine must  
10 hold the majority of each class of shares that are entitled to vote.

11 (2) Licensees who are licensed in this State to practice medicine must  
12 comprise a majority of the directors.

13 (3) All officers except the secretary and treasurer, if any, must be  
14 licensees who are licensed in this State to practice medicine. The same  
15 individual may hold any two or more offices.

16 (b) Notwithstanding any provision of subsection (a) of this section to the  
17 contrary, the following entities may employ physicians and engage in the  
18 practice of medicine:

19 (1) federally qualified health centers;

20 (2) rural health clinics;

21 (3) free and referral clinics;

- 1           (4) nonprofit hospitals;  
2           (5) hospitals and other health care facilities owned or operated, or both,  
3 by the State;  
4           (6) ambulatory surgical centers; and  
5           (7) school-based health clinics, including student health centers at  
6 postsecondary schools.

7   § 9533. REGULATION OF CONTRACTS BETWEEN MEDICAL  
8           PRACTICES AND MANAGEMENT SERVICES  
9           ORGANIZATIONS

10          (a) Prohibition on straw ownership.

11           (1) Each licensee owner of a medical practice shall exhibit meaningful  
12 ownership of the medical practice.

13           (2) Meaningful ownership means that each licensee owner is duly  
14 licensed and present in this State and is substantially engaged in delivering  
15 medical care or managing the medical practice, or both.

16          (b) Prohibition on dual ownership or interests.

17           (1) Except as provided in subdivision (2) of this subsection, a  
18 shareholder, director, or officer of a medical practice shall not do any of the  
19 following:

20           (A) own or control shares in, serve as a director or officer of, be an  
21 employee of or an independent contractor with, or otherwise participate in

1 managing both the medical practice and a management services organization  
2 with which the medical practice has a contract; or

3 (B) receive substantial compensation or remuneration from a  
4 management services organization in return for ownership or management of  
5 the medical practice.

6 (2) Subdivision (1) of this subsection shall not apply to the shareholders,  
7 directors, or officers of a medical practice if the medical practice owns a  
8 majority of the interest in the management services organization or separate  
9 legal entity.

10 (c) Prohibition on stock transfer restriction agreements.

11 (1) A medical practice shall not transfer or relinquish control over the  
12 sale, the restriction of the sale, or the encumbrance of the sale of the medical  
13 practice's shares or assets.

14 (2) A medical practice shall not transfer or relinquish control over the  
15 issuing of shares of stock in the medical practice, in a subsidiary of the medical  
16 practice or an entity affiliated with the medical practice, or the paying of  
17 dividends.

18 (d) Prohibition on restrictive covenants.

19 (1) Noncompetition agreements.

1           (A) Except as provided in subdivision (B) of this subdivision (d)(1), a  
2           noncompetition agreement between a licensee and another person is void and  
3           unenforceable.

4           (B) Notwithstanding subdivision (A) of this subdivision (d)(1), a  
5           noncompetition agreement between a licensee and another person is valid and  
6           enforceable if the licensee is a shareholder or member of the other person or  
7           otherwise owns or controls an ownership or membership interest that is  
8           equivalent to 25 percent or more of the entire ownership or membership  
9           interest that exists in the other person.

10           (2) Nondisclosure and nondisparagement agreements.

11           (A) Except as provided in subdivision (B) of this subdivision (d)(2), a  
12           nondisclosure agreement or nondisparagement agreement between a licensee  
13           and a management services organization is void and unenforceable.

14           (B) Subdivision (A) of this subdivision (d)(2) shall not be deemed to  
15           limit or otherwise affect any cause of action that:

16                   (i) a party to, or third-party beneficiary of, the agreement may  
17                   have with respect to a statement of a licensee that constitutes libel, slander, a  
18                   tortious interference with contractual relations, or another tort for which the  
19                   party has a cause of action against the licensee; and

20                   (ii) does not depend upon or derive from a breach or violation of  
21                   an agreement described in subdivision (1) of this subsection (d).

1       (e) Limitations on advertising. It is unlawful for a management services  
2       organization or other legal entity that is not the medical practice to advertise  
3       the medical practice's services under the name of the entity that is not the  
4       medical practice.

5       (f) Prohibition on relinquishing control of medical practice.

6           (1) A medical practice shall not, by means of a contract or other  
7       agreement or arrangement, by providing in the medical practice's articles of  
8       incorporation or bylaws, by forming a subsidiary or affiliated entity, or by  
9       other means, relinquish control over or otherwise transfer de facto control over  
10       any of the medical practice's administrative, business, or clinical operations  
11       that may affect clinical decision making or the nature or quality of medical  
12       care that the medical practice delivers.

13           (2) Conduct prohibited under subdivision (1) of this subsection  
14       includes relinquishing ultimate decision-making authority over:

15           (A) hiring or termination, setting work schedules and compensation,  
16       or otherwise specifying terms of employment of employees who are licensed to  
17       practice medicine in this State or who are licensed in this State as a physician  
18       assistant or advanced practice registered nurse;

19           (B) the disbursement of revenue generated from physician fees and  
20       other revenue generated by physician services;



1           (C) collaboration and negotiation with hospitals and other health care  
2           facilities in which the licensees of the medical practice may deliver clinical  
3           care, including controlling licensee schedules as a means of discipline;

4           (D) setting staffing levels, or specifying the period of time that a  
5           licensee may spend with a patient, for any location that serves patients;

6           (E) making diagnostic coding decisions;

7           (F) setting clinical standards or policies;

8           (G) setting policies for patient, client, or customer billing and  
9           collection;

10           (H) setting the prices, rates, or amounts the medical practice charges  
11           for a licensee's services; or

12           (I) negotiating, executing, performing, enforcing, or terminating  
13           contracts with third-party payers or persons who are not employees of the  
14           medical practice.

15           (3) The conduct described in subdivision (2) of this subsection does not  
16           prohibit:

17           (A) collection of quality metrics as required by law or in accordance  
18           with an agreement to which the medical practice is a party; or

19           (B) setting criteria for reimbursement under a contract between the  
20           medical practice and an insurer or a payer or entity that otherwise reimburses  
21           the medical practice for providing medical care.

1           (4) A medical practice may relinquish or transfer control over the  
2           medical practice’s administrative, business, or clinical operations that will not  
3           affect clinical decision making or the nature or quality of medical care that the  
4           medical practice delivers, provided that the medical practice executes a  
5           shareholder agreement exclusively between or among and for the benefit of a  
6           majority of shareholders who are physicians licensed in this State to practice  
7           medicine and the shareholder agreement.

8           § 9534. PROTECTIONS FOR EMPLOYED LICENSEES

9           (a) Application. The provisions set forth in this section apply to licensees  
10          who are employed by, or who provide health care services under contract with,  
11          an unlicensed person, corporation, or other entity under section 9532 of this  
12          chapter.

13          (b) Prohibition on restrictive covenants.

14               (1) Noncompetition agreements. A noncompetition agreement between  
15               a licensee and an employer or other entity is void and unenforceable.

16               (2) Nondisclosure and nondisparagement agreements.

17                   (A) Except as provided in subdivision (B) of this subdivision (b)(2), a  
18                   nondisclosure agreement or nondisparagement agreement between a licensee  
19                   and an employer or other entity is void and unenforceable.

20                   (B) Subdivision (A) of this subdivision (b)(2) shall not be deemed to  
21                   limit or otherwise affect any cause of action that:

1           (i) a party to, or third-party beneficiary of, the agreement may  
2           have with respect to a statement of a licensee that constitutes libel, slander, a  
3           tortious interference with contractual relations, or another tort for which the  
4           party has a cause of action against the licensee; and

5           (ii) does not depend upon or derive from a breach or violation of  
6           an agreement described in subdivision (1) of this subsection (b).

7           (c) Prohibition on directing licensee's professional judgment or clinical  
8           decisions. Conduct prohibited under subsection 9531(b) of this chapter  
9           includes controlling, either directly or indirectly, through discipline,  
10          punishment, threats, adverse employment actions, coercion, retaliation,  
11          excessive pressure, or otherwise, any one or more of the following:

12           (1) the period of time a licensee may spend with a patient, including the  
13           time permitted for a licensee to triage patients in the emergency department or  
14           evaluate admitted patients;

15           (2) the period of time within which a licensee must discharge a patient;

16           (3) the clinical status of a patient, including whether the patient should  
17           be admitted to inpatient status, whether the patient should be kept in  
18           observation status, whether the patient should receive palliative care, and  
19           whether and where the patient should be referred upon discharge, such as a  
20           skilled nursing facility;

1           (4) the diagnoses, diagnostic terminology, or codes that are entered into  
2           the medical record by the licensee;

3           (5) the range of clinical orders available to licensees, including by  
4           configuring the medical record to prohibit or significantly limit the options  
5           available to the licensee; or

6           (6) any other action specified by rule to constitute impermissible  
7           interference or control over the clinical judgment and decision making of a  
8           licensee.

9           Subchapter 4. Transparency in Ownership and Control of Health Care Entities

10          § 9541. REPORTING OF OWNERSHIP AND CONTROL OF HEALTH

11                   CARE ENTITIES

12          (a) Except as otherwise provided in subsection (b) of this section, each  
13          health care entity shall report to the Green Mountain Care Board at least once  
14          every two years and upon the consummation of a material change transaction  
15          involving the entity, in a form and manner required by the Board, the following  
16          information:

17                   (1) the health care entity's legal name;

18                   (2) the health care entity's business address;

19                   (3) the locations of the health care entity's operations;

20                   (4) the health care entity's business identification numbers, as  
21          applicable, including:

1           (A) taxpayer identification number (TIN);

2           (B) national provider identifier (NPI);

3           (C) employer identification number (EIN);

4           (D) Centers for Medicare and Medicaid Services certification number  
5 (CCN);

6           (E) National Association of Insurance Commissioners (NAIC)  
7 identification number;

8           (F) a personal identification number associated with a license issued  
9 by the Department of Financial Regulation; and

10          (G) a pharmacy benefit manager identification number associated  
11 with a license issued to a pharmacy benefit manager in this State;

12          (5) the name and contact information of a representative of the health  
13 care entity;

14          (6) the name, business address, and business identification numbers  
15 listed in subdivision (4) of this subsection for each person who, with respect to  
16 the relevant health care entity:

17           (A) has an ownership or investment interest;

18           (B) has a controlling interest;

19           (C) is a management services organization; or

20           (D) is a significant equity investor;

1           (7) a current organizational chart showing the business structure of the  
2 health care entity, including:

3                   (A) any entity listed in subdivision (6) of this subsection (a);

4                   (B) affiliates, including entities that control or are under common  
5 control as the health care entity; and

6                   (C) subsidiaries;

7           (8) for a health care entity that is a provider organization or a health care  
8 facility:

9                   (A) the affiliated health care providers identified by name, license  
10 type, specialty, NPI, and other applicable identification number listed in  
11 subdivision (4) of this subsection (a); the address of each health care provider's  
12 principal practice location; and whether the health care provider is employed or  
13 contracted by the entity; and

14                   (B) the name and address of affiliated health care facilities by license  
15 number, license type, and capacity;

16           (9) the names; NPI, if applicable; and compensation of:

17                   (A) the members of the health care entity's governing board, board of  
18 directors, or similar governance body;

19                   (B) any entity that is owned or controlled by, affiliated with, or under  
20 common control as the health care entity; and

21                   (C) any entity listed in subdivision (6) of this subsection (a); and

1           (10) comprehensive financial reports of the health care entity and any  
2           ownership and control entities, including audited financial statements, cost  
3           reports, annual costs, annual receipts, realized capital gains and losses,  
4           accumulated surplus, and accumulated reserves.

5           (b) The following health care entities are exempt from the reporting  
6           requirements set forth in subsection (a) of this section:

7           (1) a health care entity that is an independent provider organization,  
8           without any ownership or control entities, consisting of two or fewer  
9           physicians; provided, however, that if such health care entity experiences a  
10           material change transaction under subchapter 2 of this chapter, the health care  
11           entity is subject to reporting under subsection (a) of this section upon the  
12           consummation of the transaction; and

13           (2) a health care provider or provider organization that is owned or  
14           controlled by another health care entity, if the health care provider organization  
15           is shown in the organizational chart submitted under subdivision (a)(7) of this  
16           section and the controlling health care entity reports all the information  
17           required under subsection (a) of this section on behalf of the controlled or  
18           owned entity; provided, however, that health care facilities are not subject to  
19           this exemption.

1     § 9542. SHARING OF OWNERSHIP INFORMATION TO IMPROVE

2             TRANSPARENCY

3             (a) Information provided under this section shall be public information and  
4             shall not be considered confidential, proprietary, or a trade secret; provided,  
5             however, that any individual health care provider's taxpayer ID that is also the  
6             individual's Social Security number shall be exempt from public inspection  
7             and copying under the Public Records Act and shall be kept confidential.

8             (b) On or before February 1, 2027, and every two years thereafter, the  
9             Green Mountain Care Board shall post on its website a report with respect to  
10            the previous two-year period, including:

11            (1) the number of health care entities reporting for such year,  
12            disaggregated by the business structure of each specified entity;

13            (2) the names, addresses, business structure of any entities with an  
14            ownership or controlling interest in each health care entity;

15            (3) any change in ownership or control for each health care entity;

16            (4) any change in the tax identification number of a health care entity;

17            (5) as applicable, the name, address, tax identification number, and  
18            business structure of other affiliates under common control, subsidiaries, and  
19            management services entities as the health care entity, including the business  
20            type and the tax identification number of each; and



1           (6) an analysis of trends in horizontal and vertical consolidation,  
2           disaggregated by business structure and provider type.

3           (c) The Green Mountain Care Board may share information reported under  
4           this subchapter with the Attorney General, other State agencies, and other State  
5           officials to reduce or avoid duplication in reporting requirements or to facilitate  
6           oversight or enforcement pursuant to the Vermont law, or both, and any tax  
7           identification numbers that are individual Social Security numbers may be  
8           shared with the Attorney General, other State agencies, and other State  
9           officials who agree to maintain the confidentiality of such information. The  
10          Board may, in consultation with the relevant State agencies, merge similar  
11          reporting requirements where appropriate.

12          § 9543. ADMINISTRATION AND ENFORCEMENT

13          (a)(1) The Board shall also specify the format and content of reports  
14          required under this subchapter and impose penalties for noncompliance.

15          (2) Board may require additional reporting of data or information that it  
16          determines is necessary to better protect the public's interest in monitoring the  
17          financial conditions, organizational structure, business practices, and market  
18          share of each registered health care entity.

19          (b) The Board may assess and collect from health care entities its  
20          reasonable costs in overseeing and implementing this subchapter.

1       (c) The Board is authorized to audit and inspect the records of any health  
2       care entity that has failed to submit complete information pursuant to this  
3       subchapter or if the Board has reason to question the accuracy or completeness  
4       of the information submitted pursuant this subchapter.

5       (d) The Board shall conduct annual audits of a random sample of health  
6       care entities to verify compliance with, accuracy of, and completeness of the  
7       reported information pursuant to this subchapter.

8       (e) If a health care entity fails to provide a complete report under section  
9       9541 of this chapter, or submits a report containing false information, the  
10       entity shall be subject to a civil penalty as determined by the Attorney General.

11                       Subchapter 5. Enforcement of Chapter

12       § 9547. ENFORCEMENT OF CHAPTER

13       (a) Enforcement by Attorney General.

14               (1) The Attorney General may subpoena any records necessary to  
15       enforce any provisions of this chapter or to investigate suspected violations of  
16       any provisions of this chapter or any conditions imposed by conditional  
17       approval pursuant to the material transactions review process.

18               (2)(A) The Attorney General may enforce any requirement of this  
19       chapter and any conditions imposed by a conditional approval pursuant to the  
20       material transactions review process to the fullest extent provided by law,  
21       including damages. In addition to any legal remedies the Attorney General

1 may have, the Attorney General shall be entitled to specific performance,  
2 injunctive relief, and other equitable remedies a court deems appropriate for  
3 any violations or imminent violation of any requirement of this chapter or any  
4 violations or breach of any of the conditions and shall be entitled to recover the  
5 attorney's fees and costs incurred in remedying each violation.

6 (B) In addition to the remedies set forth in subdivision (A) of this  
7 subdivision (a)(2), the Attorney General may impose administrative penalties  
8 for violations of this chapter or of any conditions imposed pursuant to a  
9 conditional approval and may rescind or deny approval for any other past,  
10 pending, or future material change transactions involving the health care entity  
11 or an affiliate.

12 (3) Nothing in this subsection shall narrow, abrogate, or otherwise alter  
13 the authority of the Attorney General to prosecute violations of antitrust or  
14 consumer protection requirements.

15 (b) Administrative enforcement.

16 (1) Any entity that violates any provision of this chapter or any rules  
17 adopted pursuant this chapter may be subject to administrative penalties  
18 imposed by the Green Mountain Care Board.

19 (2) The Green Mountain Care Board may disapprove any transaction or  
20 agreement that violates this chapter.

1           (3) The Green Mountain Care Board may refer any entity to the  
2           Attorney General to review for enforcement of any noncompliance with this  
3           chapter or rules adopted pursuant to this chapter.

4           (c) Private right of action.

5           (1) Any person aggrieved by a violation of this chapter may bring an  
6           action in the Civil Division of the Superior Court without exhaustion of any  
7           alternative administrative remedies provided in this chapter.

8           (2) If the court finds that the respondent has intentionally violated any  
9           provision of this chapter or any rule adopted pursuant to this chapter, it may  
10           award actual damages, punitive damages, or other equitable relief, or a  
11           combination of these.

12           § 9548. RULEMAKING

13           The Green Mountain Care Board and the Attorney General, as applicable,  
14           shall adopt rules as needed to implement the provisions of this chapter,  
15           including establishing what:

16           (1) constitutes a “material” change transaction, which shall include any  
17           changes to health care services or line of business that affects competition or  
18           access in one or more geographic regions of the State;

19           (2) it means to acquire direct or indirect control over a health care entity  
20           in whole or in substantial part;

1           (3) constitutes a “significant reduction” and “essential health services”;

2           and

3           (4) information is required for notice of a material change transaction

4           pursuant to section 9525 of this chapter.

5           Sec. 2. EFFECTIVE DATE

6           This act shall take effect on July 1, 2025.