

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Health Care to which was referred House Bill No. 583
3 entitled “An act relating to health care financial transactions and clinical
4 decision making” respectfully reports that it has considered the same and
5 recommends that the bill be amended by striking out all after the enacting
6 clause and inserting in lieu thereof the following:

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

8 CHAPTER 226. TRANSACTION LIMITATIONS **HEALTH CARE**
9 **FACILITY OWNERSHIP** AND CLINICAL DECISION MAKING

10 Subchapter 1. General Provisions

11 § 9521. DEFINITIONS

12 As used in this chapter:

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

20 (2) “Affiliate” or **“affiliated entity”** means:

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

4 (B) a person whose business is operated under a lease, management,
5 or operating agreement by another entity, or a person substantially all of whose
6 property is operated under a management or operating agreement with that
7 other entity;

8 (C) an entity that operates the business or substantially all of the
9 property of another entity under a lease, management, or operating agreement;
10 or

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

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

1 governance or control of a health care entity or a department, subdivision, or
2 subsidiary of a health care entity.

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

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

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

9 (4) “Health care entity” means a health care provider, health care
10 facility, provider organization, pharmacy benefit manager as defined in section
11 3602 of this title, or health insurer as defined in section 9402 of this title that
12 offers a health insurance plan in this State.

13 (5) “Health care facility” has the same meaning as in section 9432 of
14 this title.

15 (6) “Health care provider” has the same meaning as in section 9402 of
16 this title.

17 (7) “Health care services” has the same meaning as in section 9481 of
18 this title and includes all of the following:

19 (A) inpatient; outpatient; habilitative; rehabilitative; dental;
20 palliative, including hospice; therapeutic; supportive; nursing home; home

1 health; mental health; and substance use disorder services, provided by a
2 health care entity;

3 (B) pharmacy services, including drugs, devices, and medical
4 supplies;

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

6 (D) durable medical equipment, diagnostic **equivalent equipment**,
7 surgical devices, and infusion equipment; and

8 (E) technology associated with providing the services and equipment
9 set forth in subdivisions (A)–(D) of this subdivision (7), such as telehealth,
10 electronic health records, software, claims processing, and utilization systems.

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

16 (8) “Licensee” means an individual licensed in this State as a physician
17 pursuant to 26 V.S.A. chapter 23 or 33, as an advanced practice registered
18 nurse pursuant to 26 V.S.A. chapter 28, or as a physician assistant pursuant to
19 26 V.S.A. chapter 31 who is authorized to diagnose and treat in the applicable
20 clinical setting.

1 (9) “Management services organization” means any organization or
2 entity that contracts with a health care provider or provider organization to
3 perform management or administrative services relating to, supporting, or
4 facilitating the provision of health care services.

5 ~~(12)(A) “Material change transaction” means any of the following,~~
6 ~~occurring during a single transaction or in a series of related transactions~~
7 ~~involving a health care entity within the State that has total assets, annual~~
8 ~~revenues, or anticipated annual revenues for new entities, of at least~~
9 ~~\$1,000,000.00, including both in-state and out-of-state assets and revenues:~~

10 ~~(i) a corporate merger including one or more health care entities;~~

11 ~~(ii) an acquisition of one or more health care entities, including~~
12 ~~insolvent health care entities;~~

13 ~~(iii) any affiliation, arrangement, or contract that results in a~~
14 ~~change of control for a health care entity;~~

15 ~~(iv) the formation of a partnership, joint venture, accountable care~~
16 ~~organization, parent organization, or management services organization for the~~
17 ~~purpose of administering contracts with health insurers, third-party~~
18 ~~administrators, pharmacy benefit managers, or health care providers;~~

19 ~~(v) a sale, purchase, lease, affiliation, or transfer of control of a~~
20 ~~board of directors or governing body of a health care entity;~~

1 ~~(vi) a real estate sale or lease agreement involving a material~~
2 ~~amount of assets of a health care entity; or~~

3 ~~(vii) the closure of a health care facility, or the closure,~~
4 ~~discontinuance, or significant reduction of any essential health service~~
5 ~~provided by a health care entity that is either a provider organization or health~~
6 ~~care facility or any new contracts or clinical or contractual affiliations that will~~
7 ~~eliminate or significantly reduce essential services.~~

8 ~~(B) “Material change transaction” does not include any of the~~
9 ~~following:~~

10 ~~(i) a clinical affiliation of health care entities formed solely for the~~
11 ~~purpose of collaborating on clinical trials;~~

12 ~~(ii) graduate medical education programs;~~

13 ~~(iii) the mere offer of employment to, or hiring of, an individual~~
14 ~~health care provider; or~~

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

19 ~~(10) “Medical practice” means a corporate entity or partnership~~
20 ~~organized for the purpose of practicing medicine and permitted to practice~~

1 medicine in this State, including partnerships, professional corporations,
2 limited liability companies, and limited liability partnerships.

3 (11) “Noncompetition agreement” means a written agreement between a
4 licensee and another person in which the licensee agrees that the licensee,
5 either alone or as an employee, associate, or affiliate of a third person, will not
6 compete with the other person in providing products, processes, or services
7 that are similar to the other person’s products, processes, or services for a
8 period of time or within a specified geographic area after termination of
9 employment or termination of a contract under which the licensee supplied
10 goods to or performed services for the other person.

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

16 (A) a policy or practice that a party to the agreement required the
17 licensee to use in patient care, other than **a requirement to maintain the**
18 **confidentiality of** individually identifiable health information that the licensee
19 must not disclose under the Health Insurance Portability and Accountability
20 Act of 1996, Pub. L. No. 104-191;

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

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

10 (13) “Nondisparagement agreement” means a written agreement under
11 which a licensee must refrain from making to a third party a statement about
12 another party to the agreement or about another person specified in the
13 agreement as a third-party beneficiary of the agreement, the effect of which
14 causes or threatens to cause harm to the other party’s or person’s reputation,
15 business relations, or other economic interests.

16 (14) “Ownership or investment interest” means any of the following:

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

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

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

5 (15) **“Private equity fund company”** means a publicly traded or
6 nonpublicly traded **company business organization, however organized,** that
7 collects capital investments from individuals or entities and purchases, **as a**
8 **parent company or through another entity that the company completely**
9 **or partially owns or controls,** a direct or indirect ownership share or
10 controlling interest of a health care entity **or management services**
11 **organization; provided, however, that “private equity company” does not**
12 **include venture capital firms exclusively funding startups or other early-**
13 **stage businesses.**

14 (16) **“Provider organization”** means any corporation, partnership,
15 business trust, association, or organized group of persons that is in the business
16 of health care delivery or management, whether incorporated or not, that
17 represents one or more health care providers in contracting with health insurers
18 for payment for health care services. The term includes physician
19 organizations, physician-hospital organizations, independent practice
20 associations, provider networks, accountable care organizations, management

1 services organizations, and any other organization that contracts with health
2 insurers for payment for health care services.

3 **(17) “Real estate investment trust” has the same meaning as in 26**
4 **U.S.C. § 856.**

5 **(18) “Significant equity investor” means:**

6 (A) any private equity **fund company** with a direct or indirect
7 ownership or investment interest in a health care facility;

8 (B) an investor, group of investors, or other entity with a direct or
9 indirect possession of equity in the capital, stock, or profits totaling more than
10 10 percent of a **health care** provider or provider organization; or

11 (C) any private equity **fund company**, investor, group of investors, or
12 other entity with a direct or indirect controlling interest in a health care entity
13 or that operates the business or substantially all the property of a health care
14 entity under a lease, management, or operating agreement.

15 Subchapter 2. ~~Prohibited Transactions~~ **Health Care Facility Ownership**

16 § 9525. PROHIBITED ~~TRANSACTIONS~~ **HEALTH CARE FACILITY**
17 **OWNERSHIP STRUCTURES**

18 (a) **Beginning on January 1, 2027**, the following ~~transactions~~ **health care**
19 **facility ownership structures** are prohibited:

20 (1) ~~a transaction that would give a party ownership or control, directly~~
21 **or indirectly, of the core business operations, management, or assets of an**

1 essential community provider, as defined in 45 C.F.R. § 156.235(e) a health
2 care facility, or a combination of these, by a private equity company or a
3 real estate investment trust;

4 (2) a transaction that involves financing the acquisition through the use
5 of debt that will become an obligation of one or more of the health care entities
6 that are party to the transaction ownership of a health care entity by a for-
7 profit entity other than a professional corporation organized pursuant to
8 11 V.S.A. chapter 3 or 4 or a professional limited liability corporation
9 organized pursuant to 11 V.S.A. § 4011(g), to the extent such ownership is
10 permitted under federal law; and

11 (3) a sale-leaseback structure in which a health care facility sells its
12 real property or another asset to another entity that concurrently leases
13 that real property or other asset back to the health care facility, such that
14 the seller becomes the lessee.

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

18 (4) a transaction that involves entering into any contract or other service
19 or purchasing arrangement with an affiliated legal entity, except for a contract
20 or arrangement to provide services or products, or both, that are necessary to
21 accomplish the legitimate health care purposes of the relevant health care

1 ~~entity and the contract or arrangement provides for compensation or~~
2 ~~reimbursement that is consistent with the fair market value of the services~~
3 ~~rendered or products delivered; or~~

4 ~~(5) a transaction that would result in one or more health care entities that~~
5 ~~does not accept, or that places limitations on, patients covered by Medicaid,~~
6 ~~original Medicare, or Medicare Advantage.~~

7 **(b) The Department of Health; the Department of Disabilities, Aging,**
8 **and Independent Living; or other State agency shall not issue a new or**
9 **renewal license on or after January 1, 2027, to or for any health care**
10 **facility with an ownership structure that is prohibited by subsection (a) of**
11 **this section.**

12 (c) Nothing in this section shall be construed to limit or alter any existing
13 authority of the Attorney General or any other State agency to enforce any
14 other law, including State or federal antitrust law, or to review transactions
15 involving nonprofit entities.

16 **(d) Health care facilities operating in this State on July 1, 2026, shall**
17 **have until January 1, 2029, to come into compliance with this section.**

18 Subchapter 3. Prohibition on Corporate Practice of Medicine

19 § 9531. CORPORATE PRACTICE OF MEDICINE PROHIBITED

20 **(a) In accordance with 11 V.S.A. chapters 3 and 4 and 11 V.S.A.**
21 **§ 4011(g), and except as otherwise provided in section 9532 of this chapter,**

1 it is unlawful for an individual, corporation, partnership, or any other entity
2 without a license under 26 V.S.A. chapter 23; **chapter 28, subchapter 2;**
3 **chapter 31;** or **chapter** 33 to own a medical practice, employ licensees, or
4 otherwise engage in the practice of medicine.

5 (b) Notwithstanding **any provision of** subsection (a) of this section **to the**
6 **contrary,** an individual, corporation, partnership, or any other entity without a
7 license under 26 V.S.A. chapter 23 or 33 **or chapter 28, subchapter 2** that is
8 permitted to employ licensees under section 9532 of this chapter shall not
9 indirectly or directly interfere with, control, or otherwise direct the
10 professional judgment or clinical decisions of a licensee, **which shall include**
11 **not (moved from § 9534(c):)** controlling, **either** directly or indirectly, through
12 discipline, punishment, threats, adverse employment actions, coercion,
13 retaliation, excessive pressure, or otherwise, any one or more of the following:

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

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

18 (3) the clinical status of a patient, including whether the patient should
19 be admitted to inpatient status, whether the patient should be kept in
20 observation status, whether the patient should receive palliative care, and

1 whether and where the patient should be referred upon discharge, such as a
2 skilled nursing facility;

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

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

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

11 § 9532. CORPORATE ENTITIES PERMITTED TO EMPLOY

12 PHYSICIANS, PHYSICIAN ASSISTANTS, AND ADVANCED

13 PRACTICE REGISTERED NURSES

14 (a)(1) A medical practice organized for the purpose of practicing medicine
15 shall comply with the requirements for professional corporations set forth
16 in 11 V.S.A. chapter 3 or 4, as applicable based on the time of formation,
17 and, for professional limited liability corporations, with the requirements
18 of 11 V.S.A. § 4011(g) may employ and engage in the practice of medicine
19 only if all of the following conditions are met:

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

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

3 ~~(2) Notwithstanding any provision of 11 V.S.A. § 840 to the~~
4 ~~contrary,~~ all officers except the secretary and treasurer, if any, ~~must shall~~ be
5 licensees who are licensed in this State to practice medicine. The same
6 individual may hold any two or more offices.

7 (b)(1) Notwithstanding any provision of subsection 9531(a) of this section
8 chapter to the contrary, the following entities may employ physicians and
9 licensees who engage in the practice of medicine:

10 (A) federally qualified health centers;

11 (B) rural health clinics;

12 (C) free and referral clinics;

13 (D) nonprofit hospitals;

14 (E) hospitals and other health care facilities owned or operated, or

15 both, by the State;

16 (F) ambulatory surgical centers long-term care facilities licensed by
17 the Department of Disabilities, Aging, and Independent Living; and

18 (G) school-based health clinics, including student health centers at
19 postsecondary schools.

1 **(2) Notwithstanding any provision of subsection 9531(a) of this**
2 **chapter to the contrary, the following entities may employ licensees who**
3 **are not engaged in the practice of medicine:**

4 **(A) the State of Vermont and its agencies and departments;**

5 **(B) a health insurer, as defined in section 9402 of this title, that**
6 **offers a health insurance plan in this State; and**

7 **(C) any entity listed in subdivision (1) of this subsection (b).**

8 § 9533. REGULATION OF **CONTRACTS ARRANGEMENTS** BETWEEN
9 MEDICAL PRACTICES AND MANAGEMENT SERVICES
10 ORGANIZATIONS

11 (a) Prohibition on straw ownership.

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

14 **(B) As used in this subdivision (1), “meaningful ownership” means**
15 that each licensee owner is duly licensed and present in this State and is
16 substantially engaged in delivering medical care or **in** managing the medical
17 practice, or both.

18 **(2) A licensee owner shall not permit the licensee’s name or license**
19 **to be used by a management services organization or other person if the**
20 **licensee is not actually in charge of, responsible for, or actively overseeing**

1 **the treatment or other health care services provided by the medical**
2 **practice.**

3 (b) Prohibition on dual ownership or interests.

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

7 (A) own or control shares in, serve as a director or officer of, be an
8 employee of or an independent contractor with, or otherwise participate in
9 managing both the medical practice and a management services organization
10 with which the medical practice has a contract; or

11 (B) receive substantial compensation or remuneration from a
12 management services organization in return for ownership or management of
13 the medical practice.

14 (2) Subdivision (1) of this subsection shall not apply to the shareholders,
15 directors, or officers of a medical practice if the medical practice owns a
16 majority of the interest in the management services organization **or separate**
17 legal entity.

18 (c) Prohibition on stock transfer restriction agreements.

19 **(1) In addition to the requirements set forth in 11 V.S.A. § 830, (A)**
20 **a medical practice shall not transfer or relinquish control over:**

1 (A) the sale, the restriction of the sale, or the encumbrance of the sale
2 of the medical practice’s shares or assets; or

3 (B) A medical practice shall not transfer or relinquish control over
4 the issuing of shares of stock in the medical practice, in a subsidiary of the
5 medical practice or an entity affiliated with the medical practice, or the paying
6 of dividends.

7 (2) Notwithstanding the provisions of 11 V.S.A. § 830(a)(3), any
8 transfer of shares to a general partnership shall be only to a general
9 partnership in which all of the partners are licensees.

10 (moved/combined with § 9434) (d) Prohibition on restrictive covenants.

11 (1) Noncompetition agreements.

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

15 (B) Notwithstanding subdivision (A) of this subdivision (d)(1), a
16 noncompetition agreement between a licensee and another person is valid and
17 enforceable if the licensee is a shareholder or member of the other person or
18 otherwise owns or controls an ownership or membership interest that is
19 equivalent to 25 percent or more of the entire ownership or membership
20 interest that exists in the other person.

21 (2) Nondisclosure and nondisparagement agreements.

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

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

6 ~~(i) a party to, or third party beneficiary of, the agreement may~~
7 ~~have with respect to a statement of a licensee that constitutes libel, slander, a~~
8 ~~tortious interference with contractual relations, or another tort for which the~~
9 ~~party has a cause of action against the licensee; and~~

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

12 ~~(d) Limitations on advertising. It is unlawful for a management services~~
13 ~~organization or other legal entity that is not the medical practice to advertise~~
14 ~~the medical practice’s services under the name of the entity that is not the~~
15 ~~medical practice.~~

16 ~~(e) Prohibition on relinquishing control of medical practice.~~

17 ~~(1) A medical practice shall not, by means of a contract or other~~
18 ~~agreement or arrangement, by providing in the medical practice’s articles of~~
19 ~~incorporation or bylaws, by forming a subsidiary or affiliated entity, or by~~
20 ~~other means, relinquish control over or otherwise transfer de facto control over~~
21 ~~any of the medical practice’s administrative, business, or clinical operations~~

1 that may affect clinical decision making or the nature or quality of medical
2 care that the medical practice delivers.

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

5 (A) hiring or termination, setting work schedules and compensation,
6 or otherwise specifying terms of employment of employees who are licensed to
7 practice medicine in this State or who are licensed in this State as a physician
8 assistant or advanced practice registered nurse licensees;

9 (B) the disbursement of revenue generated from physician licensee
10 fees and other revenue generated by physician licensee services;

11 (C) collaboration and negotiation with hospitals and other health care
12 facilities in which the licensees of employed by the medical practice may
13 deliver clinical care, including controlling licensee schedules as a means of
14 discipline;

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

17 (E) making diagnostic coding decisions;

18 (F) setting clinical standards or policies;

19 (G) setting policies for patient, client, or customer billing and
20 collection;

1 (H) setting the prices, rates, or amounts the medical practice charges
2 for a licensee’s services; or

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

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

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

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

13 (4) A medical practice may relinquish or transfer control over the
14 medical practice’s administrative, business, or clinical operations that will not
15 affect clinical decision making or the nature or quality of medical care that the
16 medical practice delivers, provided that the medical practice executes a
17 shareholder agreement exclusively between or among and for the benefit of a
18 majority of shareholders who are physicians licensed in this State to practice
19 medicine and the shareholder agreement licensees.

20 § 9534. PROTECTIONS FOR EMPLOYED LICENSEES PROHIBITION
21 ON RESTRICTIVE COVENANTS (combines § 9533(d) and § 9434(c))

1 (a) Application. The provisions set forth in this section apply to licensees
2 who are employed by, or who provide health care services under contract with,
3 an unlicensed person, corporation, or other entity as permitted under section
4 9532 of this chapter.

5 (b) ~~Prohibition on restrictive covenants.~~ (1) Noncompetition agreements.

6 **(1) Except as provided in subdivision (2) of this subsection, a**
7 noncompetition agreement between a licensee and an employer, **management**
8 **service organization,** or other **entity person** is void and unenforceable.

9 **(2) (moved from § 9433(d)(1)(B))** Notwithstanding subdivision (1) of
10 this subsection, a noncompetition agreement between a licensee and another
11 person is valid and enforceable if the licensee is a shareholder or member of
12 the other person or otherwise owns or controls an ownership or membership
13 interest that is equivalent to 25 percent or more of the entire ownership or
14 membership interest that exists in the other person.

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

19 **(B) Subdivision (A) of this subdivision (b)(2) shall not be deemed to**
20 **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 ~~(moved to § 9531(b)(c) Prohibition on directing licensee’s professional~~
8 ~~judgment or clinical decisions. Conduct prohibited under subsection 9531(b)~~
9 ~~of this chapter includes controlling, either directly or indirectly, through~~
10 ~~discipline, punishment, threats, adverse employment actions, coercion,~~
11 ~~retaliation, 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 **the following information** to the Attorney
14 General and the Green Mountain Care Board at least once every two years **and**
15 **upon the consummation of a material change transaction involving the entity.**

16 in a form and manner required by the Green Mountain Care Board, **the**
17 **following information:**

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

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

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

1 (4) the health care entity’s business identification numbers, as

2 applicable, including:

3 (A) taxpayer identification number (TIN);

4 (B) national provider identifier (NPI);

5 (C) employer identification number (EIN);

6 (D) Centers for Medicare and Medicaid Services certification number

7 (CCN);

8 (E) National Association of Insurance Commissioners (NAIC)

9 identification number;

10 (F) a personal identification number associated with a license issued

11 by the Department of Financial Regulation; and

12 (G) a pharmacy benefit manager identification number associated

13 with a license issued to a pharmacy benefit manager in this State;

14 (5) the name and contact information of a representative of the health

15 care entity;

16 (6) the name, business address, and business identification numbers

17 listed in subdivision (4) of this subsection for each person who, with respect to

18 the relevant health care entity:

19 (A) has an ownership or investment interest;

20 (B) has a controlling interest;

21 (C) is a management services organization; or

1 (D) is a significant equity investor;

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

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

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

7 (C) subsidiaries;

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

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

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

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

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

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

1 (C) any entity listed in subdivision (6) of this subsection (a); and
2 (10) comprehensive financial reports of the health care entity and any
3 ownership and control entities, including audited financial statements, cost
4 reports, annual costs, annual receipts, realized capital gains and losses,
5 accumulated surplus, and accumulated reserves.

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

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

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

1 **(c) Information provided pursuant to this section shall be public**
2 **information and shall not be considered confidential, proprietary, or a**
3 **trade secret; provided, however, that any individual health care**
4 **provider’s taxpayer ID that is also the individual’s Social Security**
5 **number, and any nonbusiness telephone number, email address, physical**
6 **address, or mailing address of any individual health care provider, shall**
7 **be exempt from public inspection and copying under the Public Records**
8 **Act and shall be kept confidential.**

9 § 9542. SHARING OF OWNERSHIP INFORMATION TO IMPROVE

10 TRANSPARENCY *(swapped (a) and (b))*

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

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

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

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

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

20 (5) as applicable, the name, address, tax identification number, and
21 business structure of other affiliates under common control, subsidiaries, and

1 management services entities as the health care entity, including the business
2 type and the tax identification number of each; and

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

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

11 (c) The Green Mountain Care Board may share information reported under
12 this subchapter with the Attorney General, the Secretary of State, other State
13 agencies, and other State officials to reduce or avoid duplication in reporting
14 requirements or to facilitate oversight or enforcement pursuant to the Vermont
15 law, or both, and any tax identification numbers that are individual Social
16 Security numbers may be shared with the Attorney General, other State
17 agencies, and other State officials who agree to maintain the confidentiality of
18 such information. The Board may, in consultation with the relevant State
19 agencies, merge similar reporting requirements where appropriate.

20 **§ 9543. AUDIT AND INSPECTION AUTHORITY**

1 **(a) The Attorney General and the Green Mountain Care Board are**
2 **authorized to independently or jointly audit and inspect the records of any**
3 **health care entity that fails to submit complete information pursuant to**
4 **this subchapter or if the Attorney General or the Board has reason to**
5 **question the accuracy or completeness of the information submitted**
6 **pursuant to this subchapter.**

7 **(b) The Attorney General, in consultation with the Green Mountain**
8 **Care Board, shall conduct annual audits of a random sample of health**
9 **care entities to verify compliance with this subchapter and the accuracy**
10 **and completeness of the information reported pursuant to this subchapter.**

11 **(c) If a health care entity fails to provide a complete report under**
12 **section 9541 of this chapter, or submits a report containing false**
13 **information, the entity shall be subject to a civil penalty as follows:**

14 **(1) for health care entities consisting of health care providers or**
15 **provider organizations without any third-party ownership or control**
16 **entities, that employ 10 licensees or fewer or have less than \$10,000,000.00**
17 **in annual revenue, or both, the penalty shall be not more than \$50,000.00**
18 **for each report not provided or provided but containing false information;**
19 **and**

1 **Any party to a contract, third-party beneficiary of a contract, or other**
2 **person injured by a violation of this chapter may bring an action in**
3 **Superior Court for injunctive relief, compensatory and punitive damages,**
4 **costs and reasonable attorney’s fees, and other appropriate relief.**

5 **§ 9547. TRANSACTION HEALTH CARE ENTITY OWNERSHIP**

6 **OVERSIGHT AND CLINICAL DECISION-MAKING FUND**

7 **There is established the Transaction Health Care Entity Ownership**
8 **Oversight and Clinical Decision-Making Fund as a special fund pursuant to 32**
9 **V.S.A. chapter 7, subchapter 5, for the purpose of providing a financial means**
10 **for the Office of the Attorney General to administer its duties under this**
11 **chapter, including hiring outside experts and investigators as needed. The**
12 **Fund shall consist of the penalty sums collected by the Attorney General**
13 **pursuant to sections 9543 and 9546 of this chapter.**

14 **Sec. 2. TRANSITION; IMPLEMENTATION**

15 **The penalties established in 18 V.S.A. §§ 9543(c) and 9545 shall not be**
16 **imposed, and the private right of action created in 18 V.S.A. § 9546 shall**
17 **not be available, until January 1, 2029, to provide health care entities with**
18 **sufficient time to come into compliance with the requirements of 18 V.S.A.**
19 **chapter 226, as added by Sec. 1 of this act.**

20 **Sec. 3. EFFECTIVE DATE**

21 **This act shall take effect on July 1, 2026.**

1 **and that after passage the title of the bill be amended to read: “An act**
2 **relating to health care facility ownership and clinical decision making”**

3 (Committee vote: _____)

4 _____

5 Representative _____

6 FOR THE COMMITTEE