To: The House Committee on Health Care

From: Matt Whitcomb, Chief Operating Officer

Organization: Primary Care Health Partners – Vermont, LLP. (PCHP)

Date: 2/3/2026

Re: H.583 – Concerns regarding unintended consequences on independent physician practices

Chair Black and Members of the Committee,

I. Executive Summary

Primary Care Health Partners (PCHP) is an independent, physician-owned pediatric and primary care organization with 11 offices serving families throughout Vermont and the North Country of New York. We fundamentally support the legislature's goal of preventing corporate asset-stripping in healthcare.

However, **H.583** creates disproportionate impacts that will destabilize the very independent practices it seeks to protect. By strictly regulating ownership models, financing structures, and administrative partnerships, this bill inadvertently eliminates the tools independent physicians use to band together and survive outside of large hospital systems.

II. Critical Operational Concerns

1. The "Material Change" Threshold is Too Low ($1M)

(Ref: Section 9521(12)) The bill triggers Attorney General review and public reporting for transactions involving entities with $1,000,000 in assets or revenue.

- This low threshold captures not just corporate consolidations, but also routine partnerships between independent physician groups. Because the threshold applies if either party exceeds $1M, a larger independent group (like PCHP) cannot partner with or support a small rural practice without triggering the same regulatory scrutiny designed for hospital system mergers.
- This creates a regulatory penalty for independent groups attempting to stabilize the network by supporting smaller peers. It discourages physician-to-physician support.
- **Proposed Amendment*:*** Create a specific exemption for "Physician-to-Physician" transactions, where the surviving entity remains 100% owned and controlled by licensed health care providers.

2. Prohibition on Debt Financing Blocks Succession Planning

(Ref: Section 9525(a)(2)) The bill prohibits transactions involving financing "through the use of debt that will become an obligation of… the health care entities."

- As drafted, this bans the standard business loans used for succession planning (e.g., a young doctor buying into a partnership). It makes it nearly impossible for new physicians to become owners.
- **Proposed Amendment:** Clarify that this prohibition applies only to non-physician private equity investors, not physician-owned partnerships.

III. Technical Drafting & Privacy Risks

1. Violation of Individual Physician Privacy (Compensation Reporting)

(Ref: Section 9541(a)(9)) The bill requires the public reporting of compensation for anyone with an ownership interest or a seat on the governing board.

- In a private medical partnership (LLP), the owners are the working physicians.
- This provision would mandate the public posting of individual physician salaries, a violation of personal privacy that creates a massive barrier to recruiting new doctors to Vermont.
- **Proposed Amendment:** Limit compensation reporting to non-clinical corporate officers or remove the requirement for physician-owned entities.

2. Disproportionate Mandatory Minimum Penalties

(Ref: Section 9547(b)(2)) The bill mandates a civil penalty of not less than $100,000.00 per violation for administrative infractions regarding MSO management structures.

- A violation could be triggered by standard delegated signature authority, where an MSO administrator executes a vendor contract on behalf of the partners to maintain efficiency. Under this bill, that routine administrative act could be interpreted as relinquishing control, triggering a mandatory $100,000 penalty.
- A mandatory six-figure fine for a paperwork error creates an uninsurable risk for small practices.

- **Proposed Amendment:** remove the mandatory minimum penalty and explicitly clarify that delegated signature authority to MSO administrators acting under the direction of the partners is permitted and does not constitute relinquishing control.

3. Unfunded Mandate for Audited Financials

(Ref: Section 9541(a)(10)) The bill requires all health care entities, regardless of size, to submit audited financial statements which become public record.

- Independent medical partnerships typically operate on a Cash Basis. We do not incur the massive expense of full GAAP Audits. Forcing small practices to restate books and hire auditors will cost an estimated $30,000 - $50,000 annually, diverting funds directly from patient care.
- As our Controller noted, detailed financial statements (or Tax Returns) list total partner compensation/distributions. By combining this public financial data with publicly available lists of our physicians, it becomes a simple math equation for the public to reverse-engineer the individual take-home pay of private business owners. This data offers no value to public health policy but serves as a massive deterrent for physician recruitment.
- ***Proposed Amendment:***
    1. Allow independent practices to submit "compiled financial statements" or "federal income tax returns" to satisfy the requirement; AND
    2. Explicitly classify these financial filings as "Confidential/Trade Secret" to be reviewed by the Attorney General only, not posted on the public website.

4. The "MSO" & Shared Services Trap

(Ref: Section 9533(f)) The bill prohibits a medical practice from relinquishing control over administrative operations like billing policies.

- This potentially illegitimatizes the Shared Services Model that independent doctors use to afford overhead.
- **Proposed Amendment:** Exempt MSOs that are majority-owned and controlled by licensed physicians.

IV. Conclusion

PCHP requests that the Committee amend H.583 to focus on its intended target—outside corporate investors—without dismantling the legal and operational structures that keep Vermont's independent physician's viable.

Respectfully,

Matt Whitcomb, Chief Operating Officer - Primary Care Health Partners LLP