

LC004407

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

RELATING TO HEALTH AND SAFETY -- RHODE ISLAND HEALTHCARE
TRANSACTION OVERSIGHT ACT

Date Introduced: February 12, 2026

Referred To: House Corporations

It is enacted by the General Assembly as follows:

SECTION 1. Title 23 of the General Laws entitled "HEALTH AND SAFETY" is hereby amended by adding thereto the following chapter:

3 CHAPTER 106

4 RHODE ISLAND HEALTHCARE TRANSACTION OVERSIGHT ACT

5 **23-106-1. Short title.**

6 This chapter shall be known and may be cited as the "Rhode Island Healthcare Transaction
7 Oversight Act."

8 **23-106-2. Legislative findings and intent.**

9 (a) Findings. The general assembly finds that:

(1) Hospitals and health care providers deliver essential services, and sudden financial or operational failures can jeopardize the health, safety, and financial security of Rhode Islanders.

(2) Recent bankruptcy proceedings involving Roger Williams Medical Center and Our Lady of Fatima Hospital, as well as hospitals in other states formerly owned by Steward Health Care, demonstrate that certain corporate ownership structures, financial arrangements, and consolidation strategies can reduce access, increase costs, and destabilize the delivery of care.

(3) A growing number of states, working with policy experts including the National Academy for State Health Policy (NASHP), have enacted laws to better detect and prevent material risks to patients, taxpayers, and health care providers. NASHP has developed a model act

incorporating best practices, upon which this chapter is based.

(4) It is the intent of the general assembly to ensure that changes in ownership or control of health care entities do not undermine financial sustainability, clinical independence, or the continued availability of essential health care services, and to provide the state with tools to act before such risks result in harm to patients or communities.

23-106-3. Definitions.

As used in this chapter, the following terms shall have the following meanings, unless the context clearly indicates otherwise:

(1) "Affiliate" means an entity that directly, indirectly, or through one or more intermediaries controls, is controlled by, or is under common control with another entity.

(2) "Control" means the direct or indirect power through ownership, contractual agreement, or otherwise to direct the actions or policies of a healthcare entity.

(3) "Cost and market impact review ("CMIR")" means the review conducted by the attorney general and the department of health as outlined in this chapter.

(4) "Healthcare entity" means a provider, facility, provider organization, pharmacy benefit manager, carrier, or any parent, subsidiary, or affiliate thereof that offers healthcare services in Rhode Island.

(5) "Management services organization (MSO)" means an entity that contracts with a healthcare entity to perform administrative, financial, operational, or management services.

(6) "Material change transaction" means any of the following involving a healthcare entity that has total assets, annual revenues, or anticipated annual revenues of at least ten million dollars (\$10,000,000), whether occurring during a single transaction or a series of related transactions within a five (5) year period:

(i) A corporate merger or consolidation including one or more healthcare entities;

(ii) An acquisition of one or more healthcare entities or of control thereof;

(iii) Any affiliation, joint venture, parent-subsidiary formation, or arrangement that results in a change of control;

(iv) The formation of partnerships, joint ventures, or MSOs for contracting, management, or governance purposes;

(v) Real estate sale or lease agreements involving material assets of a healthcare entity; or

(vi) The closure of a healthcare facility or significant reduction of an essential health service.

(7) "Private equity fund" means a publicly or non-publicly traded investment vehicle that pools capital for, and purchases direct or indirect ownership or controlling interests in, healthcare

1 entities.

2 **23-106-4. Notice of material change transaction.**

3 (a) Before consummating a material change transaction, a healthcare entity shall submit
4 written notice to the Rhode Island attorney general and the Rhode Island department of health not
5 fewer than one hundred eighty (180) days prior to the proposed transaction date.

6 (b) The notice shall include all material documents and information necessary for review
7 including, but not limited to, transaction agreements, organizational charts, financial statements,
8 service plans, and prior transaction history. The attorney general or the department of health may
9 determine additional documents or information required to complete the notice and may require
10 supplementation.

11 (c) Within ten (10) days of acceptance of a complete notice, the attorney general and the
12 department of health shall publish a summary of the proposed transaction on publicly accessible
13 websites, excluding confidential information permitted to be withheld by law.

14 **23-106-5. Preliminary review.**

15 (a) Within thirty (30) days after receipt of a complete notice, the attorney general and the
16 department of health shall:

17 (1) Approve the transaction;

18 (2) Approve with conditions; or

19 (3) Designate the transaction for comprehensive review.

20 (b) A transaction shall be designated for comprehensive review if the attorney general and
21 the department of health determine the transaction is likely to significantly affect competition,
22 prices, quality, access, workforce, or health equity in the Rhode Island healthcare market.

23 **23-106-6. Comprehensive review process.**

24 (a) Upon designation for comprehensive review, the attorney general and the department
25 of health shall conduct one or more public hearings and complete a cost and market impact review
26 (“CMIR”) within ninety (90) days after designation. The attorney general and the department of
27 health may extend the ninety (90) day period if the transacting parties delay, fail to timely submit,
28 or submit incomplete requested information.

29 (b) The CMIR shall examine factors including, but not limited to:

30 (1) Market share and competitive effects;

31 (2) Price and total cost of care trends;

32 (3) Impact on access and availability of services;

33 (4) Impact on quality and patient outcomes;

34 (5) Effects on underserved and at-risk populations;

- 1 (6) Impact on the healthcare workforce;
- 2 (7) Financial condition and prior conduct of the parties;
- 3 (8) Prior healthcare transactions involving the parties, including serial acquisitions of “roll-
4 ups;”
- 5 (9) The impact of any real estate sale, lease, or sale-leaseback transaction on healthcare
6 service delivery, cost, access, or financial sustainability; and
- 7 (10) Any other factor relevant to the public interest.
- 8 (c) The parties to the transaction shall bear the burden of demonstrating, by clear and
9 convincing evidence, that the transaction will not result in a significant reduction in competition,
10 increase in cost, or harm to access, quality, or equity.
- 11 **23-106-7. Determination and conditions.**
- 12 (a) After the CMIR, the attorney general and the department of health may:
- 13 (1) Approve the transaction;
- 14 (2) Approve with conditions; or
- 15 (3) Disapprove the transaction.
- 16 (b) Conditions may include, but are not limited to: requirements related to pricing,
17 maintenance of essential services, reporting, workforce protections, or structural remedies such as
18 divestiture or unwinding of components of the transaction.
- 19 (c) The attorney general and the department of health shall issue a written determination
20 no later than sixty (60) days following completion of the CMIR.
- 21 (d) In making the determination, the attorney general and the department of health may
22 consider any factors that they deem relevant, including, but not limited to:
- 23 (1) The likely impact, as described in the CMIR report where applicable, of the material
24 change transaction on:
- 25 (i) Health care costs, prices, and affordability;
- 26 (ii) The availability or accessibility of health care services to the affected community;
- 27 (iii) Provider cost trends and containment of total state health care spending;
- 28 (iv) Access to services in medically underserved areas;
- 29 (v) Rectifying historical and contemporary factors contributing to a lack of health equities
30 or access to services;
- 31 (vi) The functioning and competitiveness of the markets for health care and health
32 insurance;
- 33 (vii) The potential effects of the transaction on health outcomes, quality, access, equity, or
34 workforce for residents of this state;

1 (viii) The potential loss or change in access to essential services;
2 (ix) Whether the material change transaction is contrary to or violates any applicable law,
3 including, without limitation, state antitrust laws, laws restricting the corporate practice of
4 medicine, and consumer protection laws;
5 (x) Whether the benefits of the transaction are likely to outweigh the anticompetitive effects
6 from the transaction; and
7 (xi) Whether the transaction is in the public interest.
8 **23-106-8. Post-transaction monitoring.**
9 The attorney general and the department of health may require ongoing reporting and
10 monitoring of approved transactions and may reopen review or impose additional conditions upon
11 a finding of noncompliance or changed circumstances.
12 **23-106-9. Cost recovery.**
13 The attorney general and the department of health may require reimbursement from the
14 transaction parties for all actual and reasonable costs of review, including consultant and expert
15 costs.
16 **23-106-10. Enforcement.**
17 Failure to comply with any of the requirements in this chapter may result in civil penalties
18 of \$10,000 (ten thousand dollars) per day, in addition to any other remedies available under law.
19 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO HEALTH AND SAFETY -- RHODE ISLAND HEALTHCARE
TRANSACTION OVERSIGHT ACT

- 1
- This act would require a healthcare entity to submit written notice to the attorney general
- 2
- and the department of health of any material change transaction at least one hundred eighty (180)
- 3
- days prior to that transaction. This act would also authorize the attorney general and the department
- 4
- of health to review the transaction, approve, modify or deny the transaction, and provide factors to
- 5
- be considered within that review.
- 6
- This act would take effect upon passage.

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