

New York Implements Notice Requirement for Health Care Entity Transactions

Healthcare Law Update

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On May 3, 2023, New York State enacted a [new law](#) that requires health care entities to provide written notice and supporting documentation to the State Department of Health (DOH) at least 30 days before closing certain significant transactions. However, the new law does not require the DOH's approval for these transactions. The new law will become effective as of August 1, 2023. Failure to comply with the notification requirement can lead to civil penalties ranging from \$2,000 to \$10,000 per day of noncompliance.

The new law applies to "material transactions" involving health care entities such as physician practices, management services organizations or similar entities providing administrative or management services under contract with physician practices, provider-sponsored organizations, health insurance plans or any other kind of health care facility, organization or plan providing health care services in New York. The new law does not apply to transactions involving insurers and pharmacy benefit managers. The new law defines "material transaction" to include mergers, acquisitions, affiliations, and the formation of partnerships or management organizations related to health care administration.

The written notice required under the new law must contain specific information, including the names and addresses of the parties involved, copies of relevant agreements, details of current service locations and revenue, plans for service reductions or network participation, closing dates, and a description of the transaction's impact on cost, quality, access, health equity, and competition. There are certain exceptions to the notice requirement, including clinical affiliations formed for collaborating on clinical trials or graduate medical programs, "de minimis" transactions resulting in an increase of less than \$25 million in total gross in-state revenues for a health care entity, and transactions already subject to review under specific articles of the New

York Public Health Law.

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