

# Massachusetts Senate Passes Bill to Increase Oversight of Private Equity Healthcare Transactions

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On July 18, 2024, the Massachusetts Senate passed [S. 2871](#), An Act Enhancing the Health Care Market Review Process (the Bill), to increase oversight of healthcare transactions involving private equity firms, real estate investment trusts, and management services organizations (MSOs). The Bill is another example of the increasing trend towards curbing private equity influence in health care, as highlighted in our previous blog series on California's Assembly Bill 3129.[1] In Massachusetts, 51% of all healthcare provider transactions in the past decade have involved private equity firms,[2] and the Bill targets such involvement with the goals of expanding care and medication access and improving transparency and affordability, particularly in the primary care space.

The Bill broadens the scope of the Massachusetts Health Policy Commission's (HPC) Material Change Notice (MCN) program by:

- Expanding the type of transactions that require a MCN to include significant for-profit investments in, asset purchases in, or acquisitions of direct or indirect control of providers or provider organizations, as well as asset sales for lease-back arrangements;
- Requiring for-profit companies to submit additional information on finances, corporate structure, and portfolio companies as part of the MCN filing;
- Instructing HPC to evaluate the cumulative impact of transactions over time when conducting a Cost and Market Impact Review (CMIR); and
- Permitting multiple transactions to be aggregated to meet the \$25 million net patient service revenue filing threshold. [3]

In addition, the Bill reinforces the state's prohibition of the Corporate Practice of Medicine (CPOM) by emphasizing that MSOs and corporate employers of healthcare practitioners cannot interfere with the clinical judgment of practitioners.[4] In addition to heightened oversight, the Bill implements numerous reforms aimed at addressing the primary care shortage in the state, including by

establishing a task force to strategize primary care investment.

We will continue to monitor and report on emerging legislation across the country as the landscape of healthcare private equity regulation further develops.

## FOOTNOTES

[1] [California's AB 3129: A New Hurdle for Private Equity Health Care Transactions on the Horizon? | Healthcare Law Blog](#), published April 18, 2024 and [Update: California State Assembly Passes AB 3129 Requiring State Approval of Private Equity Healthcare Deals | Healthcare Law Blog \(sheppardhealthlaw.com\)](#), published May 30, 2024.

[2] [HPC Calls For State Policy Action On Private Equity In Health Care In New Policy Brief | Mass.gov](#)

[3] [S.2871-Sen.-Friedman-Presentation.pdf \(willbrownsberger.com\)](#)

[4] [S.2871-Sen.-Friedman-Presentation.pdf \(willbrownsberger.com\)](#)

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