



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

HOUSE BILL NO. HB 2344    PRINTER'S NO. 3503    PRIME SPONSOR: Borowski

### COST / (SAVINGS)

FUND	FY 2024/25	FY 2025/26
General Fund	See Fiscal Impact	See Fiscal Impact

### SUMMARY:

Amends the Health Care Facilities Act to impose duties on the Attorney General to oversee mergers and acquisitions in health systems or provider networks.

### ANALYSIS:

House Bill 2344, Printer's Number 3503 adds Chapter 8-C Health Systems Protection to the Act 48 of 1979, known as the Health Care Facilities Act. This legislation imposes oversight responsibilities on the Office of Attorney General for mergers and acquisitions of health systems or provider networks.

Notification requirements: Health system must notify the Office of Attorney General of a proposed merger or acquisition of \$25 million or more, which initiates a 90-day consideration period to determine whether the merger or acquisition is against the public interest.

Duties of the health system or provider organization: Prior to finalizing any transaction, health systems must ensure compliance with public interest standards, file a comprehensive notification, observe the 90-day waiting period.

### Powers and duties of the Office of Attorney General:

- Review notifications and request additional information necessary to complete the review.
- Extend the waiting period if needed.
- Conduct public hearings.
- Evaluate the proposed transaction against specified public interest criteria.
- Promulgate necessary rules and regulations in collaboration with the Department of Health.
- Contract with experts or consultants to assist in reviewing the proposed transaction.
- Contract with a Federal agency or Commonwealth agency to implement this chapter.
- Enforce payment from the entity for costs associated with the review of the proposed transaction.
- Coordinate with the Insurance Department on concurrent reviews.

If the Attorney General determines the proposed transaction is against the public interest, it may commence an action in a court to enjoin the transaction.

### Powers and duties of the Court:

If a person fails to comply with the notification requirement or any other request for the submission of additional information, the court may, in its discretion, order compliance, extend the waiting period, and grant other equitable relief.

Reimbursement for costs:

The Attorney General may seek reimbursement from the transaction party of 50% of all actual, reasonable, and direct costs incurred in reviewing, evaluating, and making a determination of whether the proposed agreement or transaction is likely to create a change that is against the public interest. If the transaction involves a merger or acquisition, neither the Attorney General, nor the acquiring entity may seek reimbursement from the acquired entity for any costs, and the acquiring entity shall be responsible for these costs.

The transaction party must pay the Attorney General within 30 days of the request. The acquiring entity may petition a court for a waiver for its share of the costs due to financial hardship.

Agency cooperation:

This legislation requires the Department of Aging, the Department of Health, the Department of Human Services, and the Attorney General to promptly comply with any request for testimony or information.

This legislation will take effect in 180 days upon enactment.

**FISCAL IMPACT:**

The Office of Attorney General (OAG) anticipates the need for an additional attorney and an agent to enforce the requirements in this legislation. According to the OAG, the salary range for a Deputy Attorney General 3 is between \$144,822 – \$165,130 and for an entry level Special Agent 2 is \$146,923. As a result, the department anticipates an increase of \$291,745 - \$312,053 in administrative costs.

Assuming this legislation is enacted in July 2024, the legislation will take effect in January 2025. Therefore, the fiscal impact for fiscal year 2024/25 will be for January to June 2025, which totals \$145,872- \$156,026, and the cost for fiscal year 2025/26 is estimated to increase by \$144-822 - \$165,130.

Furthermore, the legislation entitles the OAG to seek reimbursement for only 50% of the costs incurred in engaging the consultants, resulting in increased costs for the Office of Attorney General. The total cost to OAG will depend upon the number of applications reviewed by the expert or the consultants and the fees they charge, both of which are indeterminate at this time, and so the fiscal impact to the commonwealth is indeterminate.

**PREPARED BY:** Aniam Iqbal, Budget Analyst  
House Appropriations Committee (D)

**DATE:** July 11, 2024

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*