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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. **4853**

03/11/2024 Authored by Bierman, Liebling, Klevorn, Bahner, Elkins and others

The bill was read for the first time and referred to the Committee on Commerce Finance and Policy

03/18/2024 Adoption of Report: Amended and re-referred to the Committee on Judiciary Finance and Civil Law

1.1 A bill for an act

1.2 relating to health carriers; providing for oversight of health maintenance

1.3 organization transactions by the commissioner of health; establishing requirements

1.4 for nonprofit health coverage entity conversion transactions; prohibiting certain

1.5 conversion transactions; authorizing enforcement; classifying data; amending

1.6 Minnesota Statutes 2022, sections 62D.22, by adding a subdivision; 317A.811,

1.7 subdivision 1; Minnesota Statutes 2023 Supplement, section 145D.01, subdivision

1.8 1; proposing coding for new law in Minnesota Statutes, chapters 62C; 62D; 145D.

1.9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.10 **ARTICLE 1**

1.11 **OVERSIGHT OF HEALTH MAINTENANCE ORGANIZATION TRANSACTIONS**

1.12 Section 1. **[62D.221] OVERSIGHT OF TRANSACTIONS.**

1.13 **Subdivision 1. Insurance provisions applicable to health maintenance**

1.14 **organizations.** (a) Health maintenance organizations are subject to sections 60A.135,

1.15 60A.136, 60A.137, 60A.16, 60A.161, 60D.17, 60D.18, and 60D.20 and must comply with

1.16 the provisions of these sections applicable to insurers. In applying these sections to health

1.17 maintenance organizations, "the commissioner" means the commissioner of health. Health

1.18 maintenance organizations are subject to Minnesota Rules, chapter 2720, as applicable to

1.19 sections 60D.17, 60D.18, and 60D.20, and must comply with those provisions of the chapter

1.20 applicable to insurers unless the commissioner of health adopts rules to implement this

1.21 subdivision.

1.22 **(b) In addition to the conditions in section 60D.17, subdivision 1, subjecting a health**

1.23 **maintenance organization to filing requirements, no person other than the issuer shall acquire**

1.24 **all or substantially all of the assets of a domestic nonprofit health maintenance organization**

2.1 through any means unless at the time the offer, request, or invitation is made or the agreement
2.2 is entered into the person has filed with the commissioner and has sent to the health
2.3 maintenance organization a statement containing the information required in section 60D.17
2.4 and the offer, request, invitation, agreement, or acquisition has been approved by the
2.5 commissioner of health in the manner prescribed in section 60D.17.

2.6 Subd. 2. **Conversion transactions.** If a health maintenance organization must notify or
2.7 report a transaction to the commissioner under subdivision 1, the health maintenance
2.8 organization must include information regarding the plan for a conversion benefit entity,
2.9 in the form and manner determined by the commissioner, if the reportable transaction
2.10 qualifies as a conversion transaction as defined in section 145D.30, subdivision 5. The
2.11 commissioner may consider information regarding the conversion transaction and the
2.12 conversion benefit entity plan in any actions taken under subdivision 1, including in decisions
2.13 to approve or disapprove transactions, and may extend time frames to a total of 90 days,
2.14 with notice to the parties to the transaction.

2.15 **ARTICLE 2**

2.16 **NONPROFIT HEALTH COVERAGE ENTITY CONVERSION TRANSACTIONS**

2.17 Section 1. [145D.30] DEFINITIONS.

2.18 Subdivision 1. **Application.** For purposes of sections 145D.30 to 145D.37, the following
2.19 terms have the meanings given unless the context clearly indicates otherwise.

2.20 Subd. 2. **Commissioner** "Commissioner" means the commissioner of commerce for a
2.21 nonprofit health coverage entity that is a nonprofit health service plan corporation operating
2.22 under chapter 62C or the commissioner of health for a nonprofit health coverage entity that
2.23 is a nonprofit health maintenance organization operating under chapter 62D.

2.24 Subd. 3. **Control.** "Control," including the terms "controlling," "controlled by," and
2.25 "under common control with," means the possession, direct or indirect, of the power to
2.26 direct or cause the direction of the management and policies of a nonprofit health coverage
2.27 entity, whether through the ownership of voting securities, through membership in an entity
2.28 formed under chapter 317A, by contract other than a commercial contract for goods or
2.29 nonmanagement services, or otherwise, unless the power is the result of an official position
2.30 with, corporate office held by, or court appointment of the person. Control is presumed to
2.31 exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or
2.32 holds proxies representing 40 percent or more of the voting securities of any other person
2.33 or if any person, directly or indirectly, constitutes 40 percent or more of the membership

3.1 of an entity formed under chapter 317A. The attorney general may determine that control
3.2 exists in fact, notwithstanding the absence of a presumption to that effect.

3.3 Subd. 4. **Conversion benefit entity.** "Conversion benefit entity" means a foundation,
3.4 corporation, limited liability company, trust, partnership, or other entity that receives, in
3.5 connection with a conversion transaction, the value of any public benefit asset in accordance
3.6 with section 145D.32, subdivision 5.

3.7 Subd. 5. **Conversion transaction.** "Conversion transaction" means a transaction otherwise
3.8 permitted under applicable law in which a nonprofit health coverage entity:

3.9 (1) merges, consolidates, converts, or transfers all or substantially all of its assets to any
3.10 entity except a corporation that is exempt under United States Code, title 26, section
3.11 501(c)(3);

3.12 (2) makes a series of separate transfers within a 60-month period that in the aggregate
3.13 constitute a transfer of all or substantially all of the nonprofit health coverage entity's assets
3.14 to any entity except a corporation that is exempt under United States Code, title 26, section
3.15 501(c)(3); or

3.16 (3) adds or substitutes one or more directors or officers that effectively transfer the
3.17 control of, responsibility for, or governance of the nonprofit health coverage entity to any
3.18 entity except a corporation that is exempt under United States Code, title 26, section
3.19 501(c)(3).

3.20 Subd. 6. **Corporation.** "Corporation" has the meaning given in section 317A.011,
3.21 subdivision 6, and also includes a nonprofit limited liability company organized under
3.22 section 322C.1101.

3.23 Subd. 7. **Director.** "Director" has the meaning given in section 317A.011, subdivision
3.24 7.

3.25 Subd. 8. **Family member.** "Family member" means a spouse, parent, child, spouse of
3.26 a child, brother, sister, or spouse of a brother or sister.

3.27 Subd. 9. **Full and fair value.** "Full and fair value" means at least the amount that the
3.28 public benefit assets of the nonprofit health coverage entity would be worth if the assets
3.29 were equal to stock in the nonprofit health coverage entity, if the nonprofit health coverage
3.30 entity was a for-profit corporation and if the nonprofit health coverage entity had 100 percent
3.31 of its stock authorized by the corporation and available for purchase without transfer
3.32 restrictions. The valuation shall consider market value, investment or earning value, net
3.33 asset value, goodwill, amount of donations received, and control premium, if any.

4.1 Subd. 10. **Key employee.** "Key employee" means an individual, regardless of title, who:

4.2 (1) has responsibilities, power, or influence over an organization similar to those of an
4.3 officer or director;

4.4 (2) manages a discrete segment or activity of the organization that represents ten percent
4.5 or more of the activities, assets, income, or expenses of the organization, as compared to
4.6 the organization as a whole; or

4.7 (3) has or shares authority to control or determine ten percent or more of the organization's
4.8 capital expenditures, operating budget, or compensation for employees.

4.9 Subd. 11. **Nonprofit health coverage entity.** "Nonprofit health coverage entity" means
4.10 a nonprofit health service plan corporation operating under chapter 62C or a nonprofit health
4.11 maintenance organization operating under chapter 62D.

4.12 Subd. 12. **Officer.** "Officer" has the meaning given in section 317A.011, subdivision
4.13 15.

4.14 Subd. 13. **Public benefit assets.** "Public benefit assets" means the entirety of a nonprofit
4.15 health coverage entity's assets, whether tangible or intangible, including but not limited to
4.16 its goodwill and anticipated future revenue.

4.17 Subd. 14. **Related organization.** "Related organization" has the meaning given in section
4.18 317A.011, subdivision 18.

4.19 **Sec. 2. [145D.31] CERTAIN CONVERSION TRANSACTIONS PROHIBITED.**

4.20 A nonprofit health coverage entity must not enter into a conversion transaction if:

4.21 (1) doing so would result in less than the full and fair market value of all public benefit
4.22 assets remaining dedicated to the public benefit; or

4.23 (2) an individual who has been an officer, director, or other executive of the nonprofit
4.24 health coverage entity or of a related organization, or a family member of such an individual:

4.25 (i) has held or will hold, whether guaranteed or contingent, an ownership stake, stock,
4.26 securities, investment, or other financial interest in an entity to which the nonprofit health
4.27 coverage entity transfers public benefit assets in connection with the conversion transaction;

4.28 (ii) has received or will receive any type of compensation or other financial benefit from
4.29 an entity to which the nonprofit health coverage entity transfers public benefit assets in
4.30 connection with the conversion transaction;

5.1 (iii) has held or will hold, whether guaranteed or contingent, an ownership stake, stock,
5.2 securities, investment, or other financial interest in an entity that has or will have a business
5.3 relationship with an entity to which the nonprofit health coverage entity transfers public
5.4 benefit assets in connection with the conversion transaction; or

5.5 (iv) has received or will receive any type of compensation or other financial benefit from
5.6 an entity that has or will have a business relationship with an entity to which the nonprofit
5.7 health coverage entity transfers public benefit assets in connection with the conversion
5.8 transaction.

5.9 **Sec. 3. [145D.32] REQUIREMENTS FOR NONPROFIT HEALTH COVERAGE**
5.10 **ENTITY CONVERSION TRANSACTIONS.**

5.11 Subdivision 1. Notice. (a) Before entering into a conversion transaction, a nonprofit
5.12 health coverage entity must notify the attorney general according to section 317A.811. In
5.13 addition to the elements listed in section 317A.811, subdivision 1, the notice required by
5.14 this subdivision must also include: (1) an itemization of the nonprofit health coverage entity's
5.15 public benefit assets and an independent third-party valuation of the nonprofit health coverage
5.16 entity's public benefit assets; (2) a proposed plan to distribute the value of those public
5.17 benefit assets to a conversion benefit entity that meets the requirements of section 145D.33;
5.18 and (3) other information contained in forms provided by the attorney general.

5.19 (b) When the nonprofit health coverage entity provides the attorney general with the
5.20 notice and other information required under paragraph (a), the nonprofit health coverage
5.21 entity must also provide a copy of this notice and other information to the applicable
5.22 commissioner.

5.23 Subd. 2. Nonprofit health coverage entity requirements. Before entering into a
5.24 conversion transaction, a nonprofit health coverage entity must ensure that:

5.25 (1) the proposed conversion transaction complies with chapters 317A and 501B and
5.26 other applicable laws;

5.27 (2) the proposed conversion transaction does not involve or constitute a breach of
5.28 charitable trust;

5.29 (3) the nonprofit health coverage entity shall receive full and fair value for its public
5.30 benefit assets;

5.31 (4) the value of the public benefit assets to be transferred has not been manipulated in
5.32 a manner that causes or caused the value of the assets to decrease;

6.1 (5) the proceeds of the proposed conversion transaction shall be used in a manner
6.2 consistent with the public benefit for which the assets are held by the nonprofit health
6.3 coverage entity;

6.4 (6) the proposed conversion transaction shall not result in a breach of fiduciary duty;
6.5 and

6.6 (7) the conversion benefit entity that receives the value of the nonprofit health coverage
6.7 entity's public benefit assets meets the requirements in section 145D.33.

6.8 Subd. 3. **Listening sessions and public comment.** The attorney general or the
6.9 commissioner may hold public listening sessions or forums and may solicit public comments
6.10 regarding the proposed conversion transaction, including on the formation of a conversion
6.11 benefit entity under section 145D.33.

6.12 Subd. 4. **Waiting period.** (a) Subject to paragraphs (b) and (c), a nonprofit health
6.13 coverage entity must not enter into a conversion transaction until 90 days after the nonprofit
6.14 health coverage entity has given written notice as required in subdivision 1.

6.15 (b) The attorney general may waive all or part of the waiting period or may extend the
6.16 waiting period for an additional 90 days by notifying the nonprofit health coverage entity
6.17 of the extension in writing.

6.18 (c) The time periods specified in this subdivision shall be suspended while an
6.19 investigation into the conversion transaction is pending or while a request from the attorney
6.20 general for additional information is outstanding.

6.21 Subd. 5. **Transfer of value of assets required.** As part of a conversion transaction for
6.22 which notice is provided under subdivision 1, the nonprofit health coverage entity must
6.23 transfer the entirety of the full and fair value of its public benefit assets to one or more
6.24 conversion benefit entities that meet the requirements in section 145D.33.

6.25 Subd. 6. **Funds restricted for a particular purpose.** Nothing in this section relieves a
6.26 nonprofit health coverage entity from complying with requirements for funds that are
6.27 restricted for a particular purpose. Funds restricted for a particular purpose must continue
6.28 to be used in accordance with the purpose for which they were restricted under sections
6.29 317A.671 and 501B.31. A nonprofit health coverage entity may not convert assets that
6.30 would conflict with their restricted purpose.

7.1 Sec. 4. [145D.33] CONVERSION BENEFIT ENTITY REQUIREMENTS.

7.2 Subdivision 1. Requirements. In order to receive the value of a nonprofit health coverage
7.3 entity's public benefit assets as part of a conversion transaction, a conversion benefit entity
7.4 must:

7.5 (1) be: (i) an existing or new domestic, nonprofit corporation operating under chapter
7.6 317A, a nonprofit limited liability company operating under chapter 322C, or a wholly
7.7 owned subsidiary thereof; and (ii) exempt under United States Code, title 26, section
7.8 501(c)(3);

7.9 (2) have in place procedures and policies to prohibit conflicts of interest, including but
7.10 not limited to conflicts of interest relating to any grant-making activities that may benefit:

7.11 (i) the officers, directors, or key employees of the conversion benefit entity;

7.12 (ii) any entity to which the nonprofit health coverage entity transfers public benefit assets
7.13 in connection with a conversion transaction; or

7.14 (iii) any officers, directors, or key employees of an entity to which the nonprofit health
7.15 coverage entity transfers public benefit assets in connection with a conversion transaction;

7.16 (3) operate to benefit the health of the people in this state;

7.17 (4) have in place procedures and policies that prohibit:

7.18 (i) an officer, director, or key employee of the nonprofit health coverage entity from
7.19 serving as an officer, director, or key employee of the conversion benefit entity for the
7.20 five-year period following the conversion transaction;

7.21 (ii) an officer, director, or key employee of the nonprofit health coverage entity or of
7.22 the conversion benefit entity from directly or indirectly benefitting from the conversion
7.23 transaction; and

7.24 (iii) elected or appointed public officials from serving as an officer, director, or key
7.25 employee of the conversion benefit entity;

7.26 (5) not make grants or payments or otherwise provide financial benefit to an entity to
7.27 which a nonprofit health coverage entity transfers public benefit assets as part of a conversion
7.28 transaction or to a related organization of the entity to which the nonprofit health coverage
7.29 entity transfers public benefit assets as part of a conversion transaction; and

7.30 (6) not have as an officer director, or key employee any individual who has been an
7.31 officer, director, or key employee of an entity that receives public benefit assets as part of
7.32 a conversion transaction.

8.1 Subd. 2. **Review and approval.** The commissioner must review and approve a conversion
8.2 benefit entity before the conversion benefit entity receives the value of public benefit assets
8.3 from a nonprofit health coverage entity. In order to be approved under this subdivision, the
8.4 conversion benefit entity's governance must be broadly based in the community served by
8.5 the nonprofit health coverage entity and must be independent of the entity to which the
8.6 nonprofit health coverage entity transfers public benefit assets as part of the conversion
8.7 transaction. As part of the review of the conversion benefit entity's governance, the
8.8 commissioner may hold a public hearing. The public hearing, if held by the commissioner
8.9 of health, may be held concurrently with the hearing authorized under section 62D.31. If
8.10 the commissioner finds it necessary, a portion of the value of the public benefit assets must
8.11 be used to develop a community-based plan for use by the conversion benefit entity.

8.12 Subd. 3. **Community advisory committee.** The commissioner must establish a
8.13 community advisory committee for a conversion benefit entity receiving the value of public
8.14 benefit assets. The members of the community advisory committee must be selected to
8.15 represent the diversity of the community previously served by the nonprofit health coverage
8.16 entity. The community advisory committee must:

8.17 (1) provide a slate of three nominees for each vacancy on the governing board of the
8.18 conversion benefit entity, from which the remaining board members must select new
8.19 members to the board;

8.20 (2) provide the conversion benefit entity's governing board with guidance on the health
8.21 needs of the community previously served by the nonprofit health coverage entity; and

8.22 (3) promote dialogue and information sharing between the conversion benefit entity and
8.23 the community previously served by the nonprofit health coverage entity.

8.24 **Sec. 5. [145D.34] ENFORCEMENT AND REMEDIES.**

8.25 Subdivision 1. **Investigation.** The attorney general has the powers in section 8.31.
8.26 Nothing in this subdivision limits the powers, remedies, or responsibilities of the attorney
8.27 general under this chapter; chapter 8, 309, 317A, or 501B; or any other chapter. For purposes
8.28 of this section, an approval by the commissioner for regulatory purposes does not impair
8.29 or inform the attorney general's authority.

8.30 Subd. 2. **Enforcement and penalties.** (a) The attorney general may bring an action in
8.31 district court to enjoin or unwind a conversion transaction or seek other equitable relief
8.32 necessary to protect the public interest if:

9.1 (1) a nonprofit health coverage entity or conversion transaction violates sections 145D.30
9.2 to 145D.33; or

9.3 (2) the conversion transaction is contrary to the public interest.

9.4 In seeking injunctive relief, the attorney general must not be required to establish irreparable
9.5 harm but must instead establish that a violation of sections 145D.30 to 145D.33 occurred
9.6 or that the requested order promotes the public interest.

9.7 (b) Factors informing whether a conversion transaction is contrary to the public interest
9.8 include but are not limited to whether:

9.9 (1) the conversion transaction shall result in increased health care costs for patients; and

9.10 (2) the conversion transaction shall adversely impact provider cost trends and containment
9.11 of total health care spending.

9.12 (c) The attorney general may enforce sections 145D.30 to 145D.33 under section 8.31.

9.13 (d) Failure of the entities involved in a conversion transaction to provide timely
9.14 information as required by the attorney general or the commissioner shall be an independent
9.15 and sufficient ground for a court to enjoin or unwind the transaction or provide other equitable
9.16 relief, provided the attorney general notifies the entities of the inadequacy of the information
9.17 provided and provides the entities with a reasonable opportunity to remedy the inadequacy.

9.18 (e) An officer, director, or other executive found to have violated sections 145D.30 to
9.19 145D.33 shall be subject to a civil penalty of up to \$100,000 for each violation. A corporation
9.20 or other entity which is a party to or materially participated in a conversion transaction
9.21 found to have violated sections 145D.30 to 145D.33 shall be subject to a civil penalty of
9.22 up to \$1,000,000. A court may also award reasonable attorney fees and costs of investigation
9.23 and litigation.

9.24 Subd. 3. **Commissioner of health; data and research.** The commissioner of health
9.25 must provide the attorney general, upon request, with data and research on broader market
9.26 trends, impacts on prices and outcomes, public health and population health considerations,
9.27 and health care access, for the attorney general to use when evaluating whether a conversion
9.28 transaction is contrary to public interest. The commissioner may share with the attorney
9.29 general, according to section 13.05, subdivision 9, any not public data, as defined in section
9.30 13.02, subdivision 8a, held by the commissioner to aid in the investigation and review of
9.31 the conversion transaction, and the attorney general must maintain this data with the same
9.32 classification according to section 13.03, subdivision 4, paragraph (c).

10.1 Subd. 4. **Failure to take action.** Failure by the attorney general to take action with
10.2 respect to a conversion transaction under this section does not constitute approval of the
10.3 conversion transaction or waiver, nor shall failure prevent the attorney general from taking
10.4 action in the same, similar, or subsequent circumstances.

10.5 **Sec. 6. [145D.35] DATA PRACTICES.**

10.6 Section 13.65 applies to data provided by a nonprofit health coverage entity or the
10.7 commissioner to the attorney general under sections 145D.30 to 145D.33. Section 13.39
10.8 applies to data provided by a nonprofit health coverage entity to the commissioner under
10.9 sections 145D.30 to 145D.33. The attorney general or the commissioner may make any
10.10 data classified as confidential or protected nonpublic under this section accessible to any
10.11 civil or criminal law enforcement agency if the attorney general or commissioner determines
10.12 that the access aids the law enforcement process.

10.13 **Sec. 7. [145D.36] COMMISSIONER OF HEALTH; REPORTS AND ANALYSIS.**

10.14 Notwithstanding any law to the contrary, the commissioner may use data or information
10.15 submitted under sections 60A.135 to 60A.137, 60A.17, 60D.18, 60D.20, 62D.221, and
10.16 145D.32 to conduct analyses of the aggregate impact of transactions within nonprofit health
10.17 coverage entities and organizations which include nonprofit health coverage entities or their
10.18 affiliates on access to or the cost of health care services, health care market consolidation,
10.19 and health care quality. The commissioner must issue periodic public reports on the number
10.20 and types of conversion transactions subject to sections 145D.30 to 145D.35 and on the
10.21 aggregate impact of conversion transactions on health care costs, quality, and competition
10.22 in Minnesota.

10.23 **Sec. 8. [145D.37] RELATION TO OTHER LAW.**

10.24 (a) Sections 145D.30 to 145D.36 are in addition to and do not affect or limit any power,
10.25 remedy, or responsibility of a health maintenance organization, a service plan corporation,
10.26 a conversion benefit entity, the attorney general, the commissioner of health, or the
10.27 commissioner of commerce under this chapter; chapter 8, 62C, 62D, 309, 317A, or 501B;
10.28 or other law.

10.29 (b) Nothing in sections 145D.03 to 145D.36 authorizes a nonprofit health coverage entity
10.30 to enter into a conversion transaction not otherwise permitted under chapter 317A or 501B
10.31 or other law.

ARTICLE 3

OTHER PROVISIONS

Section 1. [62C.045] APPLICATION OF OTHER LAW.

Sections 145D.30 to 145D.37 apply to service plan corporations operating under this chapter.

Sec. 2. Minnesota Statutes 2022, section 62D.22, is amended by adding a subdivision to read:

Subd. 5a. **Application of other law.** Sections 145D.30 to 145D.37 apply to nonprofit health maintenance organizations operating under this chapter.

Sec. 3. Minnesota Statutes 2023 Supplement, section 145D.01, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this ~~chapter~~ section and section 145D.02, the following terms have the meanings given.

(b) "Captive professional entity" means a professional corporation, limited liability company, or other entity formed to render professional services in which a beneficial owner is a health care provider employed by, controlled by, or subject to the direction of a hospital or hospital system.

(c) "Commissioner" means the commissioner of health.

(d) "Control," including the terms "controlling," "controlled by," and "under common control with," means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a health care entity, whether through the ownership of voting securities, membership in an entity formed under chapter 317A, by contract other than a commercial contract for goods or nonmanagement services, or otherwise, unless the power is the result of an official position with, corporate office held by, or court appointment of, the person. Control is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing 40 percent or more of the voting securities of any other person, or if any person, directly or indirectly, constitutes 40 percent or more of the membership of an entity formed under chapter 317A. The attorney general may determine that control exists in fact, notwithstanding the absence of a presumption to that effect.

(e) "Health care entity" means:

- 12.1 (1) a hospital;
- 12.2 (2) a hospital system;
- 12.3 (3) a captive professional entity;
- 12.4 (4) a medical foundation;
- 12.5 (5) a health care provider group practice;
- 12.6 (6) an entity organized or controlled by an entity listed in clauses (1) to (5); or
- 12.7 (7) an entity that owns or exercises control over an entity listed in clauses (1) to (5).
- 12.8 (f) "Health care provider" means a physician licensed under chapter 147, a physician
- 12.9 assistant licensed under chapter 147A, or an advanced practice registered nurse as defined
- 12.10 in section 148.171, subdivision 3, who provides health care services, including but not
- 12.11 limited to medical care, consultation, diagnosis, or treatment.
- 12.12 (g) "Health care provider group practice" means two or more health care providers legally
- 12.13 organized in a partnership, professional corporation, limited liability company, medical
- 12.14 foundation, nonprofit corporation, faculty practice plan, or other similar entity:
- 12.15 (1) in which each health care provider who is a member of the group provides services
- 12.16 that a health care provider routinely provides, including but not limited to medical care,
- 12.17 consultation, diagnosis, and treatment, through the joint use of shared office space, facilities,
- 12.18 equipment, or personnel;
- 12.19 (2) for which substantially all services of the health care providers who are group
- 12.20 members are provided through the group and are billed in the name of the group practice
- 12.21 and amounts so received are treated as receipts of the group; or
- 12.22 (3) in which the overhead expenses of, and the income from, the group are distributed
- 12.23 in accordance with methods previously determined by members of the group.
- 12.24 An entity that otherwise meets the definition of health care provider group practice in this
- 12.25 paragraph shall be considered a health care provider group practice even if its shareholders,
- 12.26 partners, members, or owners include a professional corporation, limited liability company,
- 12.27 or other entity in which any beneficial owner is a health care provider and that is formed to
- 12.28 render professional services.
- 12.29 (h) "Hospital" means a health care facility licensed as a hospital under sections 144.50
- 12.30 to 144.56.

13.1 (i) "Medical foundation" means a nonprofit legal entity through which health care
13.2 providers perform research or provide medical services.

13.3 (j) "Transaction" means a single action, or a series of actions within a five-year period,
13.4 which occurs in part within the state of Minnesota or involves a health care entity formed
13.5 or licensed in Minnesota, that constitutes:

13.6 (1) a merger or exchange of a health care entity with another entity;

13.7 (2) the sale, lease, or transfer of 40 percent or more of the assets of a health care entity
13.8 to another entity;

13.9 (3) the granting of a security interest of 40 percent or more of the property and assets
13.10 of a health care entity to another entity;

13.11 (4) the transfer of 40 percent or more of the shares or other ownership of a health care
13.12 entity to another entity;

13.13 (5) an addition, removal, withdrawal, substitution, or other modification of one or more
13.14 members of the health care entity's governing body that transfers control, responsibility for,
13.15 or governance of the health care entity to another entity;

13.16 (6) the creation of a new health care entity;

13.17 (7) an agreement or series of agreements that results in the sharing of 40 percent or more
13.18 of the health care entity's revenues with another entity, including affiliates of such other
13.19 entity;

13.20 (8) an addition, removal, withdrawal, substitution, or other modification of the members
13.21 of a health care entity formed under chapter 317A that results in a change of 40 percent or
13.22 more of the membership of the health care entity; or

13.23 (9) any other transfer of control of a health care entity to, or acquisition of control of a
13.24 health care entity by, another entity.

13.25 (k) A transaction as defined in paragraph (j) does not include:

13.26 (1) an action or series of actions that meets one or more of the criteria set forth in
13.27 paragraph (j), clauses (1) to (9), if, immediately prior to all such actions, the health care
13.28 entity directly, or indirectly through one or more intermediaries, controls, is controlled by,
13.29 or is under common control with, all other parties to the action or series of actions;

13.30 (2) a mortgage or other secured loan for business improvement purposes entered into
13.31 by a health care entity that does not directly affect delivery of health care or governance of
13.32 the health care entity;

14.1 (3) a clinical affiliation of health care entities formed solely for the purpose of
14.2 collaborating on clinical trials or providing graduate medical education;

14.3 (4) the mere offer of employment to, or hiring of, a health care provider by a health care
14.4 entity;

14.5 (5) contracts between a health care entity and a health care provider primarily for clinical
14.6 services; or

14.7 (6) a single action or series of actions within a five-year period involving only entities
14.8 that operate solely as a nursing home licensed under chapter 144A; a boarding care home
14.9 licensed under sections 144.50 to 144.56; a supervised living facility licensed under sections
14.10 144.50 to 144.56; an assisted living facility licensed under chapter 144G; a foster care setting
14.11 licensed under Minnesota Rules, parts 9555.5105 to 9555.6265, for a physical location that
14.12 is not the primary residence of the license holder; a community residential setting as defined
14.13 in section 245D.02, subdivision 4a; or a home care provider licensed under sections 144A.471
14.14 to 144A.483.

14.15 Sec. 4. Minnesota Statutes 2022, section 317A.811, subdivision 1, is amended to read:

14.16 Subdivision 1. **When required.** (a) Except as provided in subdivision 6, the following
14.17 corporations shall notify the attorney general of their intent to dissolve, merge, consolidate,
14.18 or convert, or to transfer all or substantially all of their assets:

14.19 (1) a corporation that holds assets for a charitable purpose as defined in section 501B.35,
14.20 subdivision 2; ~~or~~

14.21 (2) a corporation that is exempt under section 501(c)(3) of the Internal Revenue Code
14.22 of 1986, or any successor section; or

14.23 (3) a nonprofit health coverage entity defined in section 145D.30.

14.24 (b) The notice must include:

14.25 (1) the purpose of the corporation that is giving the notice;

14.26 (2) a list of assets owned or held by the corporation for charitable purposes;

14.27 (3) a description of restricted assets and purposes for which the assets were received;

14.28 (4) a description of debts, obligations, and liabilities of the corporation;

14.29 (5) a description of tangible assets being converted to cash and the manner in which
14.30 they will be sold;

14.31 (6) anticipated expenses of the transaction, including attorney fees;

- 15.1 (7) a list of persons to whom assets will be transferred, if known, or the name of the
15.2 converted organization;
- 15.3 (8) the purposes of persons receiving the assets or of the converted organization; and
- 15.4 (9) the terms, conditions, or restrictions, if any, to be imposed on the transferred or
15.5 converted assets.
- 15.6 The notice must be signed on behalf of the corporation by an authorized person.