

## **PATIENT Act Proposal for Ownership Reporting by Hospitals and Physician Groups**

### **OVERVIEW**

On May 24<sup>th</sup>, the House Energy and Commerce (E&C) Committee conducted a full committee markup to consider a series of bills, including [H.R. 3561](#), the PATIENT Act of 2023. This bill proposes to enact a variety of health care transparency reforms, including a new requirement for hospitals, large physician groups, and certain other health care providers to report information about their ownership across several categories, including private equity, venture capital, and hedge funds, to the Department of Health and Human Services (HHS).

In the markup session, the E&C Committee voted unanimously (49-0) to approve the bill's text as available [here](#), with some technical amendments (most notably [here](#)). Congress is expected to consider including a version of this bill in an omnibus package later this year. Below is a more detailed summary of this proposal.

### **COVERED ENTITIES**

The legislation covers “specified entities,” which include:

- Hospitals;
- Ambulatory surgical centers;
- Independent freestanding emergency departments;
- Physician-owned practices with more than 25 physicians; and
- Physician practices owned by other health care entities or by investors.

For the last group, the ownership categories include hospitals, health plans, private equity companies, venture capital funds, unincorporated business entities, S-corporations, real estate investment trusts, hedge funds, exchange-traded funds, sovereign wealth funds, public pension fund direct ownership investments, physician-owned practices with non-physician minority owners, and other business structures as identified by HHS.

### **REPORTING REQUIREMENTS**

**Initial Reports:** Starting in 2025, specified entities will be required to submit a report to HHS that includes:

- The business structure of the specified entity (business type and tax status);
- Data on mergers, acquisitions, and changes in ownership that have occurred in the last year;
- If applicable, the name, address, and business structure of the entity's parent company and any beneficial owners of the parent company; and
- Any other information on ownership required by HHS.

Hospitals and entities that include hospitals must additionally provide:

- The entity's average debt-to-earnings ratio over the last year;
- The entity's average amount of debt incurred over the last year (by the hospital and by the whole entity);
- Information on real estate leases and purchases for property to be used to support the provision of health care services;
- For nonprofit hospitals or associated entities, capital gains investments and taxes paid; and
- If applicable, information on the entity's parent company.

**Subsequent Reports:** Specified entities must submit updated reports on an annual basis that include data on any new mergers, acquisitions, and changes in ownership that occurred during that year.

**HHS Publication:** Starting in 2027, HHS will post a summary report of the information it receives from these requirements. This report will include, among other items:

- The number of specified entities by their business structure;
- Any changes in ownership for each specified entity; and
- An analysis of trends in horizontal and vertical consolidation by business structure and provider type.

## ENFORCEMENT

HHS will conduct annual audits on a random sample of specified entities to verify compliance with the reporting requirements and the accuracy of such submitted information. Entities that do not submit reports or provide false information will be subject to civil monetary penalties. The maximum penalties would be:

- Hospitals with more than 30 beds: Up to \$5 million per report
- All other entities: Up to \$2 million per report