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## Regulatory Update

# Compliance Checkup: How States Continue to Regulate Private Equity's Role in Healthcare Transactions

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The influence of private equity (PE) in healthcare continues to draw heightened scrutiny at the state level. As highlighted in our [prior client alert](#), several states (for example, [New York](#) and [California](#) in 2023) have proposed and enacted legislation to increase oversight of transactions involving private capital investment into healthcare entities, expanding ownership disclosure for healthcare entities and limiting non-physician control of medical decisions. Since our last client alert, many of these states have moved their legislative efforts forward and enacted laws requiring oversight of healthcare transactions and additional states have enacted or introduced similar measures to restrict PE activity in healthcare.

We have summarized the recent developments in state laws and regulations below.

### 1. Previously Proposed Laws Now Enacted or Effective

- **Oregon** [SB 951](#) (effective June 9, 2025) — Restricts MSO and PE control of healthcare practices, voids certain restrictive covenants and expands enforcement under the Unlawful Trade Practices Act.
- **California** [AB 1415](#) and [SB 351](#) (effective Jan. 1, 2026) — AB 1415 expands notice requirements to include private equity firms, hedge funds and management services organizations (MSOs). SB 351 codifies corporate practice of medicine (CPOM) limits and explicit restrictions on MSO or unlicensed entity influence over licensed healthcare professionals.
- **Rhode Island** [Pre-Merger Notification Rule for Medical-Practice Groups](#) (effective Jan. 28, 2026) — Creates a 60-day pre-closing notice requirement with respect to material changes (including changes of control and management services or other contracting arrangements) as well as fines of up to \$100,000 for failure to provide such notice.
- **Washington** [SSB 5387](#) / [SHB 2548](#) (signed into law March 25, 2026; effective June 11, 2026) — Expands reporting requirements for transactions involving changes of control of healthcare entities (including via contracting affiliation) as well as pre- and post-closing notification requirements.

- **California** Mini-HSR: While not healthcare-specific, beginning on Jan. 1, 2027, the California Uniform Antitrust Premerger Notification Act will require certain parties to file electronic copies of their federal Hart-Scott-Rodino (HSR) forms with the California attorney general (see our client alert, [California's Mini-HSR Law to Expand Merger Oversight](#)).
- Note that this mirrors laws enacted in Colorado and Washington (see our client alert, [New Mini-HSR Laws Take Effect This Summer](#)).

## 2. New State Proposals and Enacted Laws in 2026

- **Indiana** [H.B. 1666](#) (last phase effective Jan. 1, 2026) — Expands ownership reporting requirements for healthcare entities, hospitals, insurers, pharmacy benefit managers (PBMs) and third-party administrators (TPAs) with fines for noncompliance and provides for increased regulatory oversight with respect to the ownership of such healthcare entities.
- **New York** [S.B. 9007](#) (FY 2027 proposed budget, currently being considered by the New York Senate Finance Committee) — Would require annual post-closing reporting for a period of five years, as well as other ongoing post-closing reporting for material healthcare transactions, including cost, quality, access, equity and competition metrics for a five-year period.
- **Hawaii** [S.B. 3175](#) (referred to the Hawaii Senate Health and Human Services/ Commerce and Consumer Protection/Government and Ways and Means/Judiciary committees Feb. 2, 2026) — Proposes advance notice and potential agency or legislative approval for significant healthcare transactions.
- **Rhode Island** [H.B. 7172](#) (introduced Jan. 21, 2026, referred to Rhode Island House Corporations Committee for further study) — Proposes advance notice and enhanced disclosure for material transactions involving significant equity investors.
- **Virginia** [H.B. 1458](#) (continued to 2027 by Virginia House Rules Committee) — Proposes to direct the Virginia Secretary of Health and Human Resources to assemble a working group to conduct a study on PE ownership transparency and its impact on healthcare policies and present the findings of such group to the Virginia Senate Committee on Education and Health.
- **Vermont** [H. 583](#) (passed by Vermont House on March 20, 2026; introduced in the Vermont Senate and referred to Vermont Senate Committee on Health and Welfare on March 25, 2026) — Proposes restrictions on financial arrangements that could interfere with clinical judgment, including dividend and debt obligations for healthcare entities.

## 3. Updates to Prior Proposals

- **Pennsylvania** [HB 2115](#) (referred to the Pennsylvania House Judiciary Committee on Jan. 12, 2026) — Builds on prior HB 1460 efforts, proposing at least 120 days' advance notice for material healthcare transactions (including via contracting affiliation) and expanded attorney general oversight and enforcement powers with respect to such transactions.
- **Illinois** [HB 5000](#) / [SB 3463](#) (as of April 2026, in the Illinois House Judiciary — Civil Committee and the Illinois Senate Executive Committee, respectively) — Proposed amendments would broaden reporting requirements to capture additional private equity investments in healthcare entities.

## Next Steps for State-Level Regulation — Healthcare and Beyond

With little to no movement in regulation of private equity healthcare investments at the federal level in the last year, we expect to continue to see state legislatures fill in the perceived gaps. Along with the above-listed proposals, state legislatures are enacting laws that will impact the speed and governance arrangements in healthcare and healthcare-adjacent transactions. For example, state laws focused on artificial intelligence (AI) that is used (or planned to be used) by healthcare providers or have general restrictions on AI may trigger additional disclosures to state regulators in connection with healthcare transactions. Additionally, “mini-HSR” laws are being more broadly adopted by states (see, e.g., the California Uniform Antitrust Premerger Notification Act summarized above) and will expand the scope of state-level antitrust oversight by requiring filings under the Hart-Scott-Rodino Act to be submitted to the states. While not singling out healthcare providers or hospitals like previous laws, this is yet another opportunity for states to monitor and influence healthcare-related transactions.



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