

Texas Bill Introduced to Require Notification of Health Care Transactions

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On February 12, 2025, the Texas House of Representatives introduced House Bill 2747 (“H.B. 2747” or the “bill”), which, if passed, will significantly impact health care transactions within the state. H.B. 2747 is indicative of the [continued push by states](#) to enact so-called “Baby HSR” laws that allow states to receive notification of transactions—especially health care transactions—prior to closing. The bill requires health care entities to report certain transactions to the Texas Attorney General (“AG”) at least 90 days in advance of completing the transaction. The bill only contemplates a notice (and not consent) requirement, and includes penalties for non-compliance. While the bill does not expressly mention private equity, as drafted, it is broad enough to pick up many private equity transactions occurring in the state, including “Friendly PC-MSO Model” transactions between provider groups and management services organization. Potentially impacted businesses should pay attention to the bill’s progress and consider contacting their representatives to express views on the bill.

SUMMARY OF H.B. 2747

1. Transactions Requiring Notification

H.B. 2747 identifies six types of “material change transactions” that will trigger the notice requirement:

- i. **Mergers:** Any merger involving at least one health care entity.
- ii. **Sales or Acquisitions:** The sale or acquisition of one or more health care entities or a material amount of their assets or operations.
- iii. **Control Arrangements:** Any arrangement resulting in a person acquiring direct or indirect control over a substantial part of a health care entity’s operations or governance.
- iv. **Partnerships and Joint Ventures:** The formation of partnerships, joint ventures, accountable care organizations, parent organizations, or management services organizations for administering contracts with health carriers, third-party administrators, pharmacy benefit managers, or health care providers.
- v. **Governance Changes:** The sale or transfer of control of a health care entity’s board of directors or other governing body.

vi. **Real Estate Transactions:** Real estate sale or lease agreements involving a material amount of health care entity assets.

2. Types of Health Care Entities Covered by the Bill

The bill broadly defines “health care entities” to include:

- i. **Health Care Providers:** Individuals licensed or qualified to provide health care services in Texas.
- ii. **Health Care Facilities:** Licensed facilities such as hospitals, health systems, skilled nursing facilities, ambulatory surgical centers, free-standing emergency care facilities, residential treatment centers, imaging centers, outpatient clinics, and therapeutic centers.
- iii. **Provider Organizations:** Groups involved in health care services or management and that represent at least one health care provider in contracting with a health carrier for the payment of health care services, including physician organizations, management services organizations, physician-hospital organizations, independent practice associations, provider networks, and accountable care organizations.
- iv. **Health Carriers:** Entities offering health benefit plans.
- v. **Pharmacy Benefit Managers:** Entities managing prescription drug benefits on behalf of health insurers.

3. Fees and Penalties

As drafted, failure to comply with the notice requirement could result in a civil penalty of up to \$10,000 for each violation. The AG is authorized to recover civil penalties, attorney fees, and enjoin entities from violating the bill.

4. Market Studies

H.B. 2747 directs the AG to conduct market studies on the health care market in Texas. These studies aim to understand ownership structures, market concentrations, price trends, and competition within the health care sector. The AG is permitted to request documents or other information from health care and other relevant entities involved in the health care market (and not just parties that have provided notice of a transaction). If an entity fails to provide requested information, the AG may assess an administrative penalty of up to \$1,000 per day of non-compliance.

5. Confidentiality Provisions

Unlike similar requirements in states such as Oregon, California, and Massachusetts, H.B. 2747 explicitly states that all documents and information provided to the AG will remain confidential. They cannot be released to the public even with the consent of the submitting entity.

If H.B. 2747 is signed into law, Texas will join a growing group of states that require notifications of certain health care transactions. Nonetheless, H.B. 2747 stands out in this group with its 90-day notice requirement. As drafted, it is unclear whether parties to a transaction could start the 90-day clock with a letter of intent.

Winston will continue to track the progress of H.B. 2747 in this space.

3 Min Read

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