

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 2939

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DATE	D-PG	OFFICIAL STATUS
03/24/2025	1015	Introduction and first reading Referred to Health and Human Services
04/10/2025	1787	Authors added Boldon; Abeler
03/12/2026	6625a	Comm report: To pass as amended and re-refer to State and Local Government

1.1 A bill for an act

1.2 relating to health; requiring health care entities to report information on ownership

1.3 or control to the commissioner of health; requiring annual public reports; requiring

1.4 licensee ownership and governance of medical practices; authorizing rulemaking;

1.5 imposing a fee; limiting management and administrative service arrangements;

1.6 providing for enforcement; authorizing penalties; appropriating money; amending

1.7 Minnesota Statutes 2024, section 319B.09, subdivision 1; Minnesota Statutes 2025

1.8 Supplement, section 144.99, subdivision 1; proposing coding for new law in

1.9 Minnesota Statutes, chapter 319B; proposing coding for new law as Minnesota

1.10 Statutes, chapter 145E.

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

1.12 style="text-align:center">**ARTICLE 1**

1.13 style="text-align:center">**TRANSPARENCY OF HEALTH CARE ENTITY OWNERSHIP OR CONTROL**

1.14 Section 1. Minnesota Statutes 2025 Supplement, section 144.99, subdivision 1, is amended

1.15 to read:

1.16 Subdivision 1. **Remedies available.** The provisions of chapters 103I, 145E, and 157

1.17 and sections 115.71 to 115.77; 144.12, subdivision 1, clauses (1), (2), (5), (6), (10), (12),

1.18 (13), (14), and (15); 144.1201 to 144.1204; 144.121; 144.1215; 144.1222; 144.35; 144.381

1.19 to 144.385; 144.411 to 144.417; 144.495; 144.71 to 144.74; 144.9501 to 144.9512; 144.97

1.20 to 144.98; 144.992; 147.037, subdivision 1b, paragraph (d); 326.70 to 326.785; 327.10 to

1.21 327.131; and 327.14 to 327.28 and all rules, orders, stipulation agreements, settlements,

1.22 compliance agreements, licenses, registrations, certificates, and permits adopted or issued

1.23 by the department or under any other law now in force or later enacted for the preservation

1.24 of public health may, in addition to provisions in other statutes, be enforced under this

1.25 section.

2.1 Sec. 2. [145E.01] DEFINITIONS.

2.2 Subdivision 1. **Application.** For purposes of this chapter, the following terms have the
2.3 meanings given.

2.4 Subd. 2. **Affiliate.** "Affiliate" means:

2.5 (1) a person that directly, or indirectly through one or more intermediaries, controls, is
2.6 controlled by, or is under common control with another person;

2.7 (2) a person whose business is operated under a lease, management, or operating
2.8 agreement by another entity or a person substantially all of whose property is operated under
2.9 a management or operating agreement with that other entity;

2.10 (3) an entity that operates the business or substantially all the property of another entity
2.11 under a lease, management, or operating agreement; or

2.12 (4) any out-of-state operations and corporate affiliates of a person or entity described in
2.13 clause (1), (2), or (3), including significant equity investors, health care real estate investment
2.14 trusts, and management services organizations.

2.15 Subd. 3. **Commissioner.** "Commissioner" means the commissioner of health.

2.16 Subd. 4. **Control.** "Control," including the terms "controlling," "controlled by," and
2.17 "under common control with," has the meaning given in section 145D.01, subdivision 1,
2.18 paragraph (d), except that:

2.19 (1) control is presumed to exist if any person, directly or indirectly, (i) owns, controls,
2.20 holds with the power to vote, or holds proxies representing ten percent or more of the voting
2.21 securities of any other person, or (ii) constitutes ten percent or more of the membership of
2.22 an entity formed under chapter 317A; and

2.23 (2) the commissioner may determine that control exists in fact, notwithstanding the
2.24 absence of a presumption to that effect.

2.25 Subd. 5. **Group practice.** "Group practice" means two or more health professionals
2.26 legally organized in a partnership; professional corporation; limited liability company;
2.27 medical foundation as defined in section 145D.01, subdivision 1, paragraph (i); nonprofit
2.28 corporation; faculty practice plan; or other similar entity:

2.29 (1) in which each health professional who is a member of the group provides services
2.30 that a health care professional routinely provides, including but not limited to health care,
2.31 consultation, diagnosis, and treatment, through the joint use of shared office space, facilities,
2.32 equipment, or personnel;

3.1 (2) for which substantially all services of the health professionals who are group members
3.2 are provided through the group and are billed in the name of the group practice and amounts
3.3 so received are treated as receipts of the group; or

3.4 (3) in which the overhead expenses of and the income from the group are distributed in
3.5 accordance with methods previously determined by members of the group.

3.6 An entity that otherwise meets the definition of group practice in this subdivision shall be
3.7 considered a group practice even if its shareholders, partners, members, or owners include
3.8 a professional corporation, limited liability company, or other entity in which any beneficial
3.9 owner is a health professional and that is formed to render professional services.

3.10 Subd. 6. **Health care entity.** "Health care entity" means a health care facility, health
3.11 care provider, health insurer, pharmacy benefit manager, or provider organization.

3.12 Subd. 7. **Health care facility.** "Health care facility" means a hospital, boarding care
3.13 home, outpatient surgical center, or supervised living facility licensed under sections 144.50
3.14 to 144.56; a hospital system; a diagnostic imaging facility licensed under sections 144.50
3.15 to 144.56 or accredited according to section 144.1225, subdivision 2; a birth center licensed
3.16 under section 144.615; a nursing home licensed under chapter 144A; a laboratory that tests
3.17 samples obtained from human sources; or a health clinic.

3.18 Subd. 8. **Health care provider.** "Health care provider" means a person, corporation,
3.19 partnership, governmental unit, group practice, or other entity authorized under state law
3.20 to provide health care services to individuals in Minnesota.

3.21 Subd. 9. **Health insurer.** "Health insurer" means an insurance company licensed under
3.22 chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined
3.23 in section 62A.01; a nonprofit health service plan corporation operating under chapter 62C;
3.24 or a health maintenance organization operating under chapter 62D.

3.25 Subd. 10. **Health professional.** "Health professional" means an individual regulated by
3.26 a health-related licensing board as defined in section 214.01, subdivision 2, excluding the
3.27 Board of Veterinary Medicine, or by the commissioner of health under chapter 148 or 153A.

3.28 Subd. 11. **Licensee.** "Licensee" has the meaning given to that term in section 319B.41,
3.29 subdivision 1.

3.30 Subd. 12. **Management services organization.** "Management services organization"
3.31 means any entity that contracts with a health care provider or provider organization to
3.32 perform management or administrative services that relate to, support, or facilitate the
3.33 provision of health care services.

4.1 Subd. 13. **Ownership or investment interest.** "Ownership or investment interest"

4.2 means:

4.3 (1) direct or indirect possession of equity in capital, stock, or profits totaling more than
4.4 five percent of an entity;

4.5 (2) interest held by an investor or group of investors who engage in the raising or
4.6 returning of capital and who invest, develop, or dispose of specified assets; or

4.7 (3) interest held by a pool of funds by investors, including a pool of funds managed or
4.8 controlled by private limited partnerships, if those investors or the management of that pool
4.9 or private limited partnership employs investment strategies of any kind to earn a return on
4.10 that pool of funds.

4.11 Subd. 14. **Pharmacy benefit manager.** "Pharmacy benefit manager" has the meaning
4.12 given in section 62W.02, subdivision 15.

4.13 Subd. 15. **Private equity fund.** "Private equity fund" means a publicly traded or
4.14 nonpublicly traded company that collects capital investments from individuals or entities.

4.15 Subd. 16. **Provider organization.** "Provider organization" means a corporation,
4.16 partnership, business trust, association, or organized group of persons, whether incorporated
4.17 or not, that is in the business of health care delivery or management services and that
4.18 represents one or more health care providers in contracting with health insurers for payment
4.19 for health care services. Provider organization includes but is not limited to a physician
4.20 organization, a physician-hospital organization, an independent practice association, a
4.21 provider network, an accountable care organization, a management services organization,
4.22 or any other organization that contracts with health insurers for payment for health care
4.23 services.

4.24 Subd. 17. **Significant equity investor.** "Significant equity investor" means:

4.25 (1) a private equity fund with a direct or indirect ownership or investment interest in a
4.26 health care entity;

4.27 (2) an investor, group of investors, or other entity with direct or indirect possession of
4.28 equity in the capital, stock, or profits totaling more than ten percent of a health care provider
4.29 or provider organization; or

4.30 (3) a private equity fund, investor, group of investors, or other entity with a direct or
4.31 indirect controlling interest in a health care entity or that operates the business or substantially
4.32 all the property of a health care entity under a lease, management, or operating agreement.

5.1 Subd. 18. **Transaction.** "Transaction" has the meaning given in section 145D.01,
 5.2 subdivision 1, paragraph (j), except that:

5.3 (1) the health care entity involved in the transaction must have average revenue of at
 5.4 least \$10,000,000 per year; or

5.5 (2) the transaction must result in a health care entity that is projected to have average
 5.6 revenue of at least \$10,000,000 per year once the health care entity is operating at full
 5.7 capacity.

5.8 Sec. 3. **[145E.05] REPORTING REQUIRED; OWNERSHIP AND CONTROL OF**
 5.9 **HEALTH CARE ENTITY.**

5.10 Subdivision 1. **Information that must be reported.** (a) Except as specified in subdivision
 5.11 2, a health care entity must report to the commissioner the following information regarding
 5.12 the health care entity in a form and manner specified by the commissioner:

5.13 (1) legal name;

5.14 (2) business address;

5.15 (3) locations of operations;

5.16 (4) business identification numbers, including the following as applicable: taxpayer
 5.17 identification number, national provider identifier, employer identification number, CMS
 5.18 certification number, National Association of Insurance Commissioners identification
 5.19 number, and personal identification number or pharmacy benefit manager license number
 5.20 associated with a license issued by the commissioner of commerce;

5.21 (5) the name and contact information for a representative of the health care entity;

5.22 (6) the name, business address, and business identification numbers listed in clause (4)
 5.23 for each person that, with respect to the health care entity, has an ownership or investment
 5.24 interest, has a controlling interest, is a management services organization, or is a significant
 5.25 equity investor;

5.26 (7) a current organizational chart showing the business structure of the health care entity,
 5.27 including:

5.28 (i) any entities listed in clause (6);

5.29 (ii) affiliates, including entities that control or are under common control with the health
 5.30 care entity; and

5.31 (iii) subsidiaries;

6.1 (8) for a health care entity that is a provider organization or a health care facility:

6.2 (i) the affiliated health care providers identified by name, license type, specialty, national
 6.3 provider identifier, and other applicable identification numbers listed in clause (4); the
 6.4 address of the principal practice location; and whether the health care provider is employed
 6.5 by or under contract with the health care entity; and

6.6 (ii) the name and address of affiliated health care facilities by license number, license
 6.7 type, and capacity in each major service area;

6.8 (9) the name of; national provider identifier of, if applicable; and compensation paid to
 6.9 each member of the governing board, board of directors, or similar governance body for:

6.10 (i) the health care entity;

6.11 (ii) any entity that is owned or controlled by, affiliated with, or under common control
 6.12 with the health care entity; and

6.13 (iii) any entity listed in clause (6); and

6.14 (10) the most recent financial reports of the health care entity and any ownership and
 6.15 control entities, including audited financial statements, cost reports, annual costs, annual
 6.16 receipts, realized capital gains and losses, accumulated surplus, and accumulated reserves.

6.17 (b) The information in paragraph (a) must be reported to the commissioner:

6.18 (1) by March 1, 2026, and each March 1 thereafter for the previous calendar year; and

6.19 (2) upon the completion of a transaction involving the health care entity on or after
 6.20 January 1, 2026, except that a health care entity required to report on a transaction under
 6.21 section 145D.01 or 145D.02 is not required to also report on the transaction under this
 6.22 subdivision.

6.23 Subd. 2. Exemptions. (a) Except as provided in paragraph (b), the following health care
 6.24 entities are exempt from reporting according to subdivision 1:

6.25 (1) a health care entity that is an independent provider organization, without an ownership
 6.26 or control entity, consisting of two or fewer licensees; and

6.27 (2) a health care provider or provider organization that is owned or controlled by another
 6.28 health care entity, if:

6.29 (i) the health care provider or provider organization is shown on the organization chart
 6.30 submitted by the controlling health care entity under subdivision 1, paragraph (a), clause
 6.31 (7); and

7.1 (ii) the controlling health care entity reports the information required under subdivision
7.2 1 on behalf of the health care provider or provider organization.

7.3 A health care facility is not exempt under this clause from reporting according to subdivision
7.4 1.

7.5 (b) A health care entity that satisfies the criteria in paragraph (a), clause (1), must report
7.6 according to subdivision 1 upon the completion of a transaction involving the health care
7.7 entity.

7.8 Subd. 3. Consolidation of reporting requirements. The commissioner, in consultation
7.9 with other relevant state agencies, may consolidate reporting requirements under this section
7.10 with reporting requirements in other laws to minimize or prevent duplicative reporting
7.11 requirements for health care entities.

7.12 Sec. 4. [145E.06] PUBLICATION OF INFORMATION ON OWNERSHIP OR
7.13 CONTROL.

7.14 Subdivision 1. Public report. (a) By June 1, 2027, and each June 1 thereafter, the
7.15 commissioner must publish on the Department of Health website a report containing the
7.16 following information for the most recent reporting period:

7.17 (1) the number of health care entities that reported in the most recent reporting period,
7.18 disaggregated by the business structure of each health care entity;

7.19 (2) the names, addresses, and business structures of entities with an ownership or
7.20 controlling interest in each health care entity;

7.21 (3) for each health care entity, any change in its ownership or control;

7.22 (4) any change in a health care entity's tax identification number;

7.23 (5) as applicable, the name, address, tax identification number, and business structure
7.24 of other affiliates under common control with the health care entity, subsidiaries of the
7.25 health care entity, and management services organizations under contract with the health
7.26 care entity; and

7.27 (6) an analysis of trends in horizontal and vertical consolidation among health care
7.28 entities, disaggregated by business structure and provider type.

7.29 (b) A health care entity must not classify the information listed in paragraph (a) as
7.30 confidential, proprietary, or trade secret.

8.1 Subd. 2. **Data practices.** (a) Except as provided in paragraph (b), information reported
8.2 to the commissioner under section 145E.05 is public and must not be classified as
8.3 confidential, proprietary, or trade secret.

8.4 (b) An individual health professional's taxpayer identification number that is also the
8.5 health professional's Social Security number is private data on individuals according to
8.6 section 13.355.

8.7 Subd. 3. **Data sharing.** The commissioner may share an individual health professional's
8.8 taxpayer identification number that is also the health professional's Social Security number
8.9 with the attorney general, other state agencies, and health-related licensing boards to minimize
8.10 or prevent duplicative reporting requirements for health care entities or to facilitate oversight
8.11 of health care entities and enforcement activities.

8.12 **Sec. 5. [145E.07] REGULATORY AUTHORITY.**

8.13 Subdivision 1. **Rulemaking.** The commissioner may adopt rules to implement this
8.14 chapter. The commissioner may, by rule, establish the format of reports required under this
8.15 chapter and specify additional data that health care entities must report to the commissioner
8.16 in order to promote the public's interest in monitoring the financial conditions, organizational
8.17 structure, business practices, and market share of health care entities.

8.18 Subd. 2. **Fee.** A health care entity must submit to the commissioner, with its report
8.19 required under section 145E.05, an annual fee of \$..... to defray a portion of the
8.20 commissioner's costs in implementing this chapter. Fees collected under this subdivision
8.21 must be deposited in the state treasury and credited to the state government special revenue
8.22 fund.

8.23 **Sec. 6. [145E.08] ENFORCEMENT.**

8.24 Subdivision 1. **Audits and inspections.** (a) The commissioner may audit and inspect
8.25 the records of a health care entity that is required to report under section 145E.05 if the
8.26 health care entity fails to submit a report, fails to submit a complete report, or fails to submit
8.27 a report in the form and manner specified by the commissioner.

8.28 (b) On an annual basis, the commissioner must conduct audits of a random sample of
8.29 health care entities required to report under section 145E.05 to verify compliance with
8.30 section 145E.05 and to verify the accuracy and completeness of reports submitted under
8.31 section 145E.05.

9.1 Subd. 2. Penalties. (a) If a health care entity fails to submit a complete report under
 9.2 section 145E.05 or submits a report containing false information, the commissioner may
 9.3 assess a civil penalty as follows:

9.4 (1) for a health care entity that: (i) is an independent health care provider or provider
 9.5 organization; (ii) does not have any third-party ownership or control entities; and (iii) has
 9.6 either ten or fewer physicians or less than \$10,000,000 in annual revenue, the penalty must
 9.7 not exceed \$50,000 for each report not provided or each report that contains false information;
 9.8 and

9.9 (2) for all other health care entities, the penalty must not exceed \$500,000 for each report
 9.10 not provided or each report that contains false information.

9.11 (b) Sections 144.989 to 144.993 apply to enforcement actions under this subdivision.

9.12 Sec. 7. APPROPRIATIONS.

9.13 \$...... in fiscal year 2026 and \$...... in fiscal year 2027 are appropriated from the general
 9.14 fund to the commissioner of health for purposes of Minnesota Statutes, chapter 145E.

9.15 **ARTICLE 2**

9.16 **CORPORATE PRACTICE OF MEDICINE**

9.17 Section 1. Minnesota Statutes 2024, section 319B.09, subdivision 1, is amended to read:

9.18 Subdivision 1. **Governance authority.** (a) Except as stated in paragraph (b), a
 9.19 professional firm's governance authority must rest with:

9.20 (1) one or more professionals, each of whom is licensed to furnish at least one category
 9.21 of the pertinent professional services; or

9.22 (2) a surviving spouse of a deceased professional who was the sole owner of the
 9.23 professional firm, while the surviving spouse owns and controls the firm, but only during
 9.24 the period of time ending one year after the death of the professional.

9.25 (b) In a Minnesota professional firm organized under chapter 317A and in a foreign
 9.26 professional firm organized under the nonprofit corporation statute of another state, at least
 9.27 one individual possessing governance authority must be a professional licensed to furnish
 9.28 at least one category of the pertinent professional services, except that the requirements of
 9.29 section 319B.41, subdivision 4, apply to medical practices.

9.30 (c) Individuals who possess governance authority within a professional firm may delegate
 9.31 administrative and operational matters to others, subject to section 319B.41, subdivisions

10.1 3 and 4. No decision entailing the exercise of professional judgment may be delegated or
 10.2 assigned to anyone who is not a professional licensed to practice the professional services
 10.3 involved in the decision.

10.4 (d) An individual whose license to practice any pertinent professional services is revoked
 10.5 or suspended may not, during the time the revocation or suspension is in effect, possess or
 10.6 exercise governance authority, hold a position with governance authority, or take part in
 10.7 any decision or other action constituting an exercise of governance authority. Nothing in
 10.8 this chapter prevents a board from further terminating, restricting, limiting, qualifying, or
 10.9 imposing conditions on an individual's governance role as board disciplinary action.

10.10 (e) A professional firm owned and controlled by a surviving spouse must comply with
 10.11 all requirements of this chapter, except those clearly inapplicable to a firm owned and
 10.12 governed by a surviving spouse who is not a professional of the same type as the surviving
 10.13 spouse's decedent.

10.14 Sec. 2. [319B.41] CORPORATE PRACTICE OF MEDICINE.

10.15 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have
 10.16 the meanings given.

10.17 (b) "Affiliate" has the meaning given in section 145E.01, subdivision 2.

10.18 (c) "Control," including the terms "controlling," "controlled by," and "under common
 10.19 control with," has the meaning given in section 145D.01, subdivision 1, paragraph (d),
 10.20 except:

10.21 (1) control is presumed to exist if any person, directly or indirectly, owns, controls, holds
 10.22 with the power to vote, or holds proxies representing ten percent or more of the voting
 10.23 securities of any other person, or if any person, directly or indirectly, constitutes ten percent
 10.24 or more of the membership of an entity formed under chapter 317A; and

10.25 (2) the commissioner may determine that control exists in fact, notwithstanding the
 10.26 absence of a presumption to that effect.

10.27 (d) "Health care provider" has the meaning given in section 145E.01, subdivision 8.

10.28 (e) "Licensee" means individuals who furnish professional services pursuant to a license,
 10.29 registration, or certificate issued by the state of Minnesota to practice medicine pursuant to
 10.30 chapter 147, as a physician assistant pursuant to chapter 147A, chiropractic pursuant to
 10.31 sections 148.01 to 148.108, registered nursing pursuant to sections 148.171 to 148.285,
 10.32 optometry pursuant to sections 148.52 to 148.62, psychology pursuant to sections 148.88

11.1 to 148.981, social work pursuant to chapter 148E, marriage and family therapy pursuant to
 11.2 sections 148B.29 to 148B.392, dentistry pursuant to sections 150A.01 to 150A.22, practice
 11.3 of pharmacy pursuant to sections 151.01 to 151.40, or podiatric medicine pursuant to chapter
 11.4 153.

11.5 (f) "Management services organization" has the meaning given in section 145E.01,
 11.6 subdivision 12.

11.7 (g) "Medical practice" means an entity organized for the purpose of practicing medicine
 11.8 and is permitted to practice medicine in this state.

11.9 (h) "Practice-based compensation" means an arrangement providing for or resulting in
 11.10 a payment amount based, directly or indirectly, on:

11.11 (1) the income, revenue, profit, or other financial metric of the medical practice; or

11.12 (2) the volume or value of health care items or services provided by the medical practice.

11.13 Practice-based compensation may result, without limitation, from any agreement between
 11.14 the service provider and the medical practice or a direct or indirect owner of the medical
 11.15 practice, regardless of whether such agreement contains an obligation to provide management
 11.16 or administrative services.

11.17 (i) "Private equity fund" has the meaning given in section 145E.01, subdivision 15.

11.18 (j) "Provider organization" has the meaning given in section 145E.01, subdivision 16.

11.19 (k) "Significant equity investor" has the meaning given in section 145E.01, subdivision
 11.20 17.

11.21 Subd. 2. **Prohibition.** It is unlawful for any person except for a licensee to own a medical
 11.22 practice, employ licensees, or otherwise engage in the practice of medicine.

11.23 Subd. 3. **Requirements.** (a) Licensee owners of a medical practice must exhibit
 11.24 meaningful ownership of the medical practice. Meaningful ownership shall require that
 11.25 each licensee owner is duly licensed and present in this state and substantially engaged in
 11.26 delivering medical care or managing the medical practice.

11.27 (b) Unless a shareholder, director, officer, or partner of a medical practice also owns a
 11.28 majority of the interest in the management services organization, they shall not:

11.29 (1) own or control shares in, serve as a director or officer of, be an employee of or an
 11.30 independent contractor with, or otherwise participate in managing both the medical practice
 11.31 and a management services organization with which the medical practice has a contract; or

12.1 (2) receive substantial compensation or remuneration from a management services
 12.2 organization in return for ownership or management of the medical practice.

12.3 (c) A medical practice shall not transfer or relinquish control over the sale, the restriction
 12.4 of the sale, or the encumbrance of the sale of the medical practice's shares or assets.

12.5 (d) A medical practice shall not transfer or relinquish control over the issuing of shares
 12.6 of stock in the medical practice, in a subsidiary of the medical practice or an entity affiliated
 12.7 with the medical practice, or the paying of dividends.

12.8 (e) A nondisclosure agreement or nondisparagement agreement between a licensee and
 12.9 a management services organization is void and unenforceable.

12.10 (f) It is unlawful for a management services organization or other entity that is not the
 12.11 medical practice to advertise the medical practice's services under the name of the entity
 12.12 that is not the medical practice.

12.13 **Subd. 4. Relinquishing control; interference.** (a) A medical practice may not, by means
 12.14 of a contract or other agreement or arrangement, by providing in the medical practice's
 12.15 articles of incorporation or bylaws, by forming a subsidiary or affiliated entity or by other
 12.16 means, relinquish control over or otherwise transfer de facto control over any of the medical
 12.17 practice's administrative, business, or clinical operations that may affect clinical
 12.18 decision-making or the nature or quality of medical care that the medical practice delivers.

12.19 (b) Conduct prohibited under paragraph (a) includes, but is not limited to, relinquishing
 12.20 ultimate decision-making authority over:

12.21 (1) hiring or terminating, setting work schedules and compensation, or otherwise
 12.22 specifying terms of employment of licensees;

12.23 (2) the disbursement of revenue generated from physician fees and other revenue
 12.24 generated by physician services;

12.25 (3) collaboration and negotiation with hospitals and other institutions in which the
 12.26 licensees of the medical practice may deliver clinical care, particularly with regard to
 12.27 controlling licensee schedules as a means of discipline;

12.28 (4) setting staffing levels, or specifying the period of time a licensee may see a patient,
 12.29 for any location that serves patients;

12.30 (5) making diagnostic coding decisions;

12.31 (6) setting clinical standards or policies;

12.32 (7) setting policies for patient, client, or customer billing and collection;

- 13.1 (8) setting the prices, rates, or amounts the medical practice charges for a licensee's
13.2 services; or
- 13.3 (9) negotiating, executing, performing, enforcing, or terminating contracts with third-party
13.4 payors or persons that are not employees of the medical practice.
- 13.5 (c) The conduct described in paragraph (b) does not prohibit:
- 13.6 (1) collection of quality metrics as required by law or in accordance with an agreement
13.7 to which the medical practice is a party; or
- 13.8 (2) setting criteria for reimbursement under a contract between the medical practice and
13.9 an insurer or payer or entity that otherwise reimburses the medical practice for medical care.
- 13.10 (d) A medical practice may not interfere, control, or otherwise direct the professional
13.11 judgment or clinical decisions of a licensee. Conduct prohibited under this paragraph includes,
13.12 but is not limited to, controlling, either directly or indirectly, through discipline, punishment,
13.13 threats, adverse employment actions, coercion, retaliation, or excessive pressure, the
13.14 following:
- 13.15 (1) the period of time a licensee may spend with a patient, including the time permitted
13.16 for a licensee to triage patients in the emergency department or evaluate admitted patients;
- 13.17 (2) the period of time within which a licensee must discharge a patient;
- 13.18 (3) the clinical status of the patient, including whether the patient should be admitted to
13.19 inpatient status, whether the patient should be kept in observation status, whether the patient
13.20 should receive palliative care, and whether and where the patient should be referred upon
13.21 discharge, such as a skilled nursing facility;
- 13.22 (4) the diagnoses, diagnostic terminology, or codes that are entered into the medical
13.23 record by the licensee;
- 13.24 (5) the range of clinical orders available to licensees, including by configuring the medical
13.25 record to prohibit or significantly limit the options available to the licensee; or
- 13.26 (6) any other action specified by regulation to constitute impermissible interference or
13.27 control over the clinical judgment and decision-making of a licensee.
- 13.28 (e) Notwithstanding paragraph (a), a medical practice may delegate administrative,
13.29 business, or clinical operations to a managed services organization if:
- 13.30 (1) the medical practice's shareholder or partnership agreement delegates authority
13.31 exclusively to the majority of shareholders or partners who are licensees; and

14.1 (2) the delegation does not relinquish de facto control of the medical practice to
14.2 nonlicensees.

14.3 Subd. 5. **Compensation prohibition for management and administrative services.** (a)
14.4 The provision of management or administrative services for practice-based compensation
14.5 is prohibited.

14.6 (b) The provision of management or administrative services for compensation exceeding
14.7 the services' fair market value is prohibited.

14.8 Subd. 6. **Enforcement.** The attorney general shall enforce this section under section
14.9 8.31.

APPENDIX
Article locations for S2939-1

ARTICLE 1	TRANSPARENCY OF HEALTH CARE ENTITY OWNERSHIP OR CONTROL.....	Page.Ln 1.12
ARTICLE 2	CORPORATE PRACTICE OF MEDICINE.....	Page.Ln 9.15