Daniel Sloat
Providence, RI

July 9, 2025

Farren Fuquea
Office of the Attorney General
150 S Main Street
Providence, RI 02903
ffuquea@riag.ri.gov

RE: Proposed Pre-Merger Notification Rule for Medical Group Practices (110-RICR-30-00-5)

Dear Ms. Fuquea,

I am writing you to express my support of the Proposed Pre-Merger Notification Rule for Medical Group Practices (hereinafter "Proposed Rule").

In addition to my general support of the Proposed Rule, I have some comments. I am writing to you as someone who worked for a Rhode Island medical group that was acquired, along with two other Rhode Island medical groups, by a national, private equity-backed healthcare entity simultaneously in 2024. Because of the experience I had working on the preparation for marketing the sale to buyers, and further leading to the sale process – I looked through this Proposed Rule with a critical view from the perspective of someone involved in the transaction, and came up with the following concerns and suggestions to express to the Office for consideration.

As a general housekeeping measure, in § 5.5.3(C)(1)(a) & (C)(2)(b), the term "captive professional entity" is used, but is not defined. After searching through the R.I. General Laws, it appears that R.I. does not have any statute that defines a "captive professional entity." With that mentioned, I would pose the question of whether it is prudent to adopt a definition of the term in some manner, such as the definition used in Connecticut's Notice to the Attorney General law,

> Captive professional entity means a partnership, professional corporation, limited liability company or other entity formed to render professional services in which a partner, a member, a shareholder or a beneficial owner is a physician, directly or indirectly, employed by, controlled by, subject to the direction of, or otherwise designated by (A) a hospital, (B) a hospital system, (C) a medical school, (D) a medical foundation, organized pursuant to subsection (a) of section 33-182bb, or (E) any entity that controls, is controlled by or is under common control with, whether through ownership, governance, contract or otherwise, another person, entity or organization described in subparagraphs (A) to (D), inclusive, of this subdivision;

Conn. Gen. Stat. Ann. § 19a-486i (West, through 2025 Regular Session).

Moving on, I believe that it would also be prudent, and of no negative consequence, to add a section to the Proposed Rule that would require any transaction where; if the parties involved had to file a form with the Federal Government under the Hart-Scott-Rodino Act (15 USC §18a), they would automatically be required to file a pre-merger notice form with the Attorney General, and/or, to provide a copy of the form filed under Hart-Scott-Rodino Act with the Attorney General. There are two recent examples to be referenced for wording: the recently enacted Washington State Senate Bill 5122 - 2025-26 (section 3), and a proposed California bill SB-25 Antitrust-Premerger Notification, which would adopt Washington's law with some minor modifications.[1]

I would also ask the office to reconsider its stance in §5.5.7 of the Proposed Rule and allow for some transparency to the public. New York State's law on pre-merger notifications prescribes that transactions that increase a healthcare entity's gross in-state revenue by less than 25 million dollars, would not need to be reported. This threshold is analogous to the Office's metrics defined in the "Material Change" definition of §5.5.3(c) for the purposes of reporting. However, transactions that exceed that figure, in addition to being reported, would be subject to some disclosure to the public. New York Public Health Law § 4552(2) describes that all documents would be kept confidential by the Office of the Attorney General, except for during a 30-day period before closing, when a summary of the transaction, an explanation of groups to be impacted, information about service commitments or reduction post-transaction, and details for submission of public comment, would all be disclosed to the public.

While Rhode Island is much smaller than New York, our economy is heavily reliant on the healthcare sector, and we have rural communities that depend on remote ambulatory services provided by our healthcare professionals. I respect the confidentiality of private businesses and their rights to operate, but significant transactions in the state should be disclosed, even partially, so the public can offer thoughts. This is not dissimilar from our laws on hospital mergers, which are eventually disclosed to the public and opened for comment before the final decision is made.
In a hypothetical scenario, suppose that the two largest private orthopedic groups in the state were to merge, or both were looking to sell to the same private equity firm, the public should be aware that there may be a significant impact on that specific

[1] Washington State Senate Bill 5122 - 2025-26, https://app.leg.wa.gov/billsummary?BillNumber=5122&Initiative=False&Year=2025
California SB-25 Antitrust: Premerger Notification (2025-2026), https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202520260SB25

care sector. If one group offers an important healthcare service to the population, people would be rightly concerned about a new owner's plan for that service. To withhold the information on a significant transaction would be a disservice to the public, who, after having no opportunity to voice concerns, may be the victims of substandard or completely altered care down the road. It would not be a new development for a private equity firm to promise something and then renege down the road. Economically, staff are not usually privy to high-level discussions on corporate dealings, and to find out one random afternoon that your practice is being purchased by a private equity firm can be concerning. Mergers and purchases can result in restructuring, which can result in outsourcing or cutbacks, often not occurring for some time after the purchase. Significant transactions would be the most worrisome for those currently employed, and for the economic outlook of the State as a whole.

Like New York, I would ask the Office to consider adopting something like a similar minimum financial or practice size standard, perhaps calculated by the office based on submission documentation, where the public is then entitled to see proposed transaction details and have a period for public comment, before the Office makes its determination on how to proceed.

Other than the concerns above relating to the Proposed Rule, I support the Attorney General's efforts to put a spotlight on the issue of consolidation in our healthcare sector and hope that the Office continues to work on protecting Rhode Island's healthcare industry from further corporate acquisitions.

Sincerely,

/Daniel Sloat/

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