

**RHODE ISLAND GOVERNMENT REGISTER  
PUBLIC NOTICE OF PROPOSED RULEMAKING**

**ATTORNEY GENERAL**

**Title of Rule:** Pre-Merger Notification Rule for Medical-Practice Groups

**Rule Identifier:** 110-RICR-30-00-5

**Rulemaking Action:** Proposed Adoption

**Important Dates:**

Date of Public Notice: May 27, 2025

Hearing Date: July 8, 2025

End of Public Comment: July 23, 2025

**Rulemaking Authority:**

R.I. Gen. Laws § 6-36-1

R.I. Gen. Laws § 6-36-22

**Summary of Rulemaking Action:**

This Rule has been promulgated to set forth the notification requirements when there is a material change in the ownership or control of medical-practice groups in Rhode Island. To combat ever-increasing market concentration and rising costs in health care that do not result in increased quality of care, the Rule requires Rhode Island based medical-practice groups to notify the Rhode Island Attorney General's Office of any merger, consolidation, or acquisition that would result in (1) ownership or control by a significant equity investor (defined to include private equity companies), (2) a group of eight (8) or more physicians, physician assistants, and/or nurse practitioners, or (3) any formation of a management services organization or similar entity created to administer contracts with health insurance carriers or third-party administrators on behalf of a medical-practice group. The increasing consolidation in the health services industry necessitates strengthened reporting requirements to ensure that the Attorney General's Office, Rhode Island's primary antitrust regulatory, is notified of potentially harmful transactions.

**Additional Information and Public Comments:**

All interested parties are invited to request additional information or submit written or oral comments concerning the proposed adoption until July 23, 2025 by contacting the appropriate party at the address listed below:

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

**Public Hearing:**

A public hearing, in accordance with R.I. Gen. Laws § 42-35-2.5, to consider the proposed adoption shall be held at which time and place all persons interested therein will be heard. This hearing is subject to R.I. Gen. Laws Chapter 42-46, Open Meetings.

**Public Hearing Information:**

Date: July 8, 2025

Time: 5:00 P.M.

Location: 150 S Main Street  
Providence, RI, 02906

The seating capacity of the room will be enforced and, therefore, the number of persons participating in the hearing may be limited at any given time by the hearing officer in order to comply with safety and fire codes.

The place of the public hearing is accessible to individuals with disabilities. If communication assistance (readers/interpreters/captioners) is needed, or any other accommodation to ensure equal participation, please call 401-274-4400 X-2152 or RI Relay 711 at least three (3) business days prior to the meeting so arrangements can be made to provide such assistance at no cost to the person requesting. For questions regarding available parking, please contact the agency staffperson listed above.

**Regulatory Analysis Summary and Supporting Documentation:**

To combat ever-increasing market concentration and rising costs in the healthcare market, the Rhode Island Attorney General's Office ("RIAG") is exercising its antitrust authority to regulate Rhode Island-based medical-services groups. The Rule ensures that the RIAG is made aware of non-hospital healthcare transactions and is thus able to effectively exercise its antitrust authority in the healthcare services industry. It is important to note that this rule will not inhibit or prevent transactions that are beneficial to Rhode Islanders: the Rule is purposefully designed to minimize the administrative and financial burden on transacting parties and only requires them to file a one-page form with the RIAG at least 60 days prior to closing their transaction. And the RIAG will still review each transaction to determine its potential impact on Rhode Islander's access to quality, affordable healthcare. As discussed further in the Rulemaking Analysis, the Rule strikes the appropriate balance between the RIAG's need for basic information without unduly burdening our healthcare system.

Per-person spending on healthcare in Rhode Island is 2.45 times higher today than it was in 2000, and from 2016 to 2020 Rhode Island spent more on health care per capita than 74% of states. Market consolidation has been a primary driver of increased prices nationwide. Under R.I. Gen. Laws § 6-36-9, the RIAG is tasked with enforcing the state's antitrust laws, which serve to prohibit "unreasonable restraints of trade and monopolistic practices" in order to ensure that "the prices of goods and services ... be fairly determined by free-market competition." And under the Hospital Conversions Act, the Attorney General has the power to "adopt rules and regulations to accomplish the purpose" of the Hospital Conversions Act ("HCA"). The defined purposes of the HCA include "establish[ing] a review process and criteria for review of hospital conversion" and "assur[ing] the viability of a safe, accessible and affordable healthcare system." The HCA requires parties to obtain RIAG approval prior to horizontal hospital conversion or consolidation. At the federal level, the Hart-Scott-Rodino Act ("HSR") requires federal notification of deals that will surpass certain monetary thresholds.

Despite federal and state requirements, transacting parties are not currently required to notify the RIAG of transaction in the healthcare industry unless it involves a hospital facility. It is near-impossible to investigate potentially anti-competitive combinations and behavior without the RIAG first knowing that a transaction will take place because plans for combination are generally closely held confidential commercial information. This Rule therefore serves to ensure that the RIAG has notice of potentially anticompetitive transactions with sufficient lead time to intervene before consolidation is consummated.

Concentration in the health care market is steadily increasing and effective antitrust enforcement is a key means for restraining increases in market concentration. Because antitrust intervention depends upon RIAG notification, without the proposed rule, the health care services market will likely continue to consolidate in accordance with recent trends. Three potential sources of concentration in healthcare services are acquisitions and investment by private equity firms, hospital-physician integration (when hospitals acquire physicians or physician groups), and combinations of smaller physician groups. Evidence suggests that all three types of concentration may be occurring in Rhode Island, and each have the potential to harm consumer welfare.

For example, Private equity companies and investors may structure their investments with respect to medical-practice groups by using management services organizations or similar affiliate entities that purportedly provide administrative/nonclinical services to the medical group, often in exchange for substantial fees. Through the use of these and other vehicles, private equity investors may be able to exert effective administrative control over multiple medical-group practices throughout a market. Researchers have previously found that increasing private equity consolidation among medical-group practices can result in significant increases in health care prices in certain markets, higher rates of practitioner turnover, or potential deteriorations in quality of care. Accordingly, to ensure appropriate monitoring of private equity-related transactions affecting Rhode

Island based medical-practice groups, this Rule would require notification to the Office of the Attorney General of transactions involving significant equity investors.

Similarly, when smaller medical practices are acquired by hospital systems, their prices may increase with no corresponding increase in quality of care. Vertical integrations among physician groups and specialists similarly may lead to higher costs and can result in significantly altered physician care practices. The benefits of the Rule greatly outweigh the costs. By empowering the RIAG to investigate potentially anticompetitive transactions, the Rule will prevent excessive market consolidation, slow the growth of health care prices, and prevent degradation in quality of care. A pre-merger notification rule is essential for effectuating the Office's antitrust powers and thus falls within the scope of the statute's grant of regulatory authority.

For full regulatory analysis or supporting documentation contact the agency staffperson listed above.