

CLIENT ALERT

Take Notice: California Expands Healthcare Transaction Notification Regime

NOVEMBER 11, 2025

AB 1415

Just five days after tightening restrictions on the corporate practice of medicine for hedge funds and private equity groups, on October 11, 2025, California Governor Gavin Newsom signed Assembly Bill 1415 (AB 1415) into law, expanding the types of entities and transactions that must be reported to the California Office of Health Care Affordability (OHCA) under the state's healthcare transaction review law.

NOTICING ENTITIES

AB 1415 creates a new category of "Noticing Entities," with certain reporting obligations as described below. Noticing Entities include hedge funds, private equity groups, and management services organizations (MSOs), as well as certain other entities that contract with health care entities or providers.

A hedge fund is a pool of funds managed by investors for the purpose of earning a return, including a pool of funds managed or controlled by private limited partnerships or other types of private corporate or partnership formations. A private equity group is an investor or group of investors who primarily engage in the raising or returning of capital and who invest, develop, dispose of, or purchase any equity interest in assets, either as a parent company or through another entity the investor or investors completely or partially own or control. Neither term includes people or entities that contribute, or promise to contribute, funds to a hedge fund or private equity group but otherwise do not manage or control such entities.^[1]

An MSO is an entity that provides management and administrative support services for a provider in support of the delivery of health care services, excluding the direct provision of health services. Management and administrative support services include provider rate negotiation, revenue cycle management, or both.^[2]

Newly created entities formed for the purpose of entering into agreements or transactions with health care entities, and entities that own, operate, or control a provider, regardless of whether the provider is currently operating, providing health care services, or has a pending or suspended license, are also considered Noticing Entities.

REPORTING OBLIGATIONS

Noticing Entities must report “agreements or transactions” with a health care entity, MSO, or an entity that owns or controls a health care entity or MSO if the arrangement involves:

- the sale, transfer, lease, exchange, option, encumbrance, conveyance, or disposal of a material amount of the health care entity’s or MSO’s assets to one or more entities; or
- the transfer of control, responsibility, or governance of a material amount of the assets or operations of the health care entity or MSO to one or more entities.

MSOs must also report such transactions between the MSO and any other entity (*not* just Noticing Entities). OHCA will develop guidance to avoid duplicate reporting.

CLOSING THOUGHTS

AB1415 defines both “health care entity” and “provider” in a manner that excludes arrangements involving Noticing Entities, on the one hand, and dentistry, veterinary, or physical therapy practices that are not part of a larger physician group, hospital, or clinic, on the other hand.

Moreover, AB1415 does not limit its notification requirements to “material change transactions,” which are a set of California-derived revenue and California-located asset thresholds that limit the breadth of transactions health care entities under the state’s existing regime must report. Instead, OHCA will, in the future, adopt regulations proposing materiality thresholds for Noticing Entities, including, but not limited to, annual gross and net revenues and market share in a given service or region.

For now, AB 1415 achieves its legislative objectives through amendments and additions to the California Health and Safety Code, taking effect on January 1, 2026.

For more information or assistance with navigating state healthcare transaction notification laws, please reach out to Banee Pachuca (Partner, Houston), Eric Knickrehm (Partner, Washington D.C.), Richard Falek (Partner, New York), Conor Reidy (Partner, Chicago), Ryan Greenberg (Associate, Houston), Meredith Heim (Associate, Chicago), or your Winston & Strawn relationship attorney.

[1] Further, AB 1415 specifies that the definition of “hedge fund” includes entities that solely provide or manage debt financing secured in whole or in part by the assets of a health care facility, including, but not limited to, banks and credit unions, commercial real estate lenders, bond underwriters, and trustees.

[2] The term “management services organization” does not include entities that own one or more health facilities described in Cal. Health & Safety Code § 1250(a)-(b).

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