

Publications

May 28, 2025 • Updates

AB 1415 Passed by California Assembly with Amendments

Key Takeaways

- While MSOs and certain parent entities are no longer defined as “health care entities,” they must still notify OHCA when entering into material change transactions with health care entities.
- The amendments clarify and narrow several definitions, affecting how and when notice obligations apply under AB 1415.
- OHCA’s authority would expand to evaluate and potentially regulate additional entities, signaling increased oversight of health care transactions in California.

On May 15, 2025, the California Assembly passed AB 1415 with some amendments. AB 1415 seeks to expand the jurisdiction of the California Office of Health Care Affordability (OHCA) by requiring additional entities to notify OHCA when entering into material change transactions.¹ Among other changes detailed below, the amendments slightly narrowed the notice requirements for management services organizations (MSOs) by requiring them to submit notice to OHCA only when entering into material change transactions with a “health care entity.” The bill is now under consideration with the California Senate, which has until the end of the legislative session (August 31, 2025) to act on the bill.

The amendments to AB 1415 include the following:

1. MSOs and certain parent entities that own, operate or control a provider were removed from the definition of “health care entity.” However, such entities would be required to submit notice to OHCA when entering into material change transactions with health care entities. These amendments slightly narrow the scope of notice requirements for such entities to those transactions where the counterparty is a health care entity.
2. The word “hospital,” for purposes of defining a “health system,” was clarified to include general acute care hospitals, acute psychiatric hospitals, specialty hospitals, psychiatric health facilities and chemical dependency recovery hospitals.
3. The definition of “health system” was expanded to include combinations of hospitals and other providers, rather than hospitals and physician organizations.
4. The definition of “provider” was amended to remove entities that own, operate or control other entities identified under the definition of “provider.”

Related People

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Related Capabilities

- Health Care

5. OHCA would be empowered to research and evaluate payors, providers, MSOs and fully integrated delivery systems to determine if the definitions and provisions of OHCA's governing statute include entities that significantly affect health care cost, quality, equity and workforce stability. The current law does not include MSOs within OHCA's scope of research and evaluation.
6. OHCA would be empowered to establish requirements for MSOs to submit data "as necessary to carry out the functions of the office."

These amendments demonstrate California's interest in expanding OHCA's jurisdiction to review a greater number of health care transactions occurring within the state. Even with these amendments, the passage of AB 1415 would require MSOs and companies that own, control or operate a provider to submit transaction notices to OHCA when entering into material change transactions with health care entities, adding to the existing health care regulatory and filing burdens already in place and potentially delaying further investment by some in the California health care sector.

[1] Our prior discussion of AB 1415 can be found here:

<https://www.polsinelli.com/publications/california-bill-seeks-to-expand-scope-of-ohca-review>