As Introduced

136th General Assembly
Regular Session **H. B. No. 905**
2025-2026

Representative Somani
Cosponsors: Representatives Brennan, Piccolantonio, Rader, Upchurch

To enact sections 3962.01, 3962.02, 3962.03, 3962.04, 3962.05, 3962.06, 3962.07, 3962.08, 3962.09, 3962.10, 3962.11, and 3962.12 of the Revised Code to prohibit various types of health care entities from being under common ownership.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 3962.01, 3962.02, 3962.03, 3962.04, 3962.05, 3962.06, 3962.07, 3962.08, 3962.09, 3962.10, 3962.11, and 3962.12 of the Revised Code be enacted to read as follows:

Sec. 3962.01. As used in this section:

(A) "Health plan issuer" has the same meaning as in section 3922.01 of the Revised Code.

(B) "Health care provider" means any of the following:

(1) A hospital licensed under Chapter 3722. of the Revised Code;

(2) An ambulatory surgical facility or freestanding inpatient rehabilitation facility licensed under section 3702.30 of the Revised Code;

(3) A business entity consisting of physicians licensed under Chapter 4731. of the Revised Code to practice medicine and surgery or osteopathic medicine and surgery;

(4) An inpatient or outpatient pharmacy licensed as a terminal distributor of dangerous drugs under Chapter 4729. of the Revised Code;

(5) A home health agency licensed under Chapter 3740. of the Revised Code;

(6) Any other entity that has been assigned a national provider identifier by the national provider system under 45 C.F.R. 162.408.

(C) "Management services organization" means an entity that has entered into an agreement with a provider to furnish services to that provider, including services relating to payroll, human resources, employment screening, payer contracting, billing and collection, coding, information technology services, patient scheduling, property or equipment leasing, and administrative or business services that do not constitute the practice of medicine.

(D) "Pharmacy benefit manager" has the same meaning as in section 3959.01 of the Revised Code.

(E) "Wholesale distributor of dangerous drugs" means a person licensed as such under section 4729.52 of the Revised Code.

(F) "Wholesale distributor of medical devices" means a person engaged in the sale at wholesale of devices, as defined in section 3715.01 of the Revised Code.

Sec. 3962.02. Except as provided in sections 3962.03 and

3962.04 of the Revised Code, both of the following apply:

(A) A person shall not simultaneously own entities that are included in both of the following categories, whether the ownership occurs directly or indirectly or in whole or in part:

(1) A health plan issuer or pharmacy benefit manager;

(2) A health care provider or management services organization.

(B) A person shall not simultaneously own entities that are included in both of the following categories, whether the ownership occurs directly or indirectly or in whole or in part:

(1) A wholesale distributor of dangerous drugs or wholesale distributor of medical devices;

(2) A health care provider or management services organization.

Sec. 3962.03. Section 3962.02 of the Revised Code does not prohibit a person from operating in this state and owning entities in a manner that constitutes a violation of either division (A) or (B) of that section as long as the person and the entities under the person's ownership provide services only to or on behalf of persons located outside of this state.

Sec. 3962.04. (A) A person that is in violation of division (A) or (B) of section 3962.02 of the Revised Code on the effective date of this section may continue to operate in this state and own entities in a manner that constitutes a violation, but the person shall do either of the following:

(1) Not later than one year after the effective date of this section, divest all entities that cause the person to be in violation;

(2) Not later than two years after the effective date of this section, cease providing all services to or on behalf of persons within this state.

(B) If a person elects to act under division (A)(2) of this section, the period before the deadline under that division takes effect shall be used by the person to take actions necessary to fulfill obligations under contracts in effect on the effective date of this section and shall engage in other activities necessary to wind up the person's business affairs regarding services to or on behalf of persons within this state.

Sec. 3962.05. (A) Not later than thirty days after the effective date of this section, the secretary of state, through the business services division of the office of the secretary of state, shall develop guidelines for persons to follow in complying with section 3962.04 of the Revised Code. The guidelines shall specify milestones for divestment and milestones for cessation of services.

(B) In developing guidelines under division (A) of this section, the secretary of state and business services division shall collaborate with, and seek the advice of, all of the following whenever appropriate: the attorney general, auditor of state, department of insurance, department of medicaid, department of health, department of taxation, and state board of pharmacy.

Sec. 3962.06. A person described in section 3962.04 of the Revised Code shall not fail to meet the milestones specified in the guidelines established under section 3962.05 of the Revised Code.

Sec. 3962.07. A person that violates section 3962.06 of

the Revised Code is subject to the same type of civil action described in section 3962.08 of the Revised Code, except that in the case of an order to disgorge profits, all of the following apply:

(A) The amount shall be calculated monthly at a rate of twenty per cent of the person's profits attained during the immediately preceding month from providing services to persons in this state.

(B) The amount collected shall be deposited to the credit of the health care conglomerate separation fund created under section 3962.12 of the Revised Code.

(C) The amount collected shall be returned to the person if the person meets the deadline that applies under division (A)(1) or (2) of section 3962.04 of the Revised Code.

Sec. 3962.08. (A) If there is reason to believe that a person is in violation of section 3962.02 of the Revised Code, and except in the circumstances described in division (A) of section 3962.04 of the Revised Code, the attorney general may bring a civil action against the alleged violator in a court of competent jurisdiction. The attorney general may bring the action in either of the following circumstances:

(1) While acting on behalf of the residents of this state;

(2) While acting at the request of the secretary of state, auditor of state, department of insurance, department of medicaid, department of health, department of taxation, or state board of pharmacy.

(B) On a finding that a person is in violation of section 3962.02 of the Revised Code, the court may do any of the following:

(1) Issue an order enjoining the person from continuing the violation;

(2) Issue an order requiring the person to disgorge profits attained from providing services to residents of this state;

(3) Grant any other equitable relief that the court considers appropriate to redress and prevent recurrence of the violation.

(C) Amounts collected through an order issued under division (B)(2) of this section shall be deposited into the state treasury to the credit of the health care conglomerate separation fund created by section 3962.12 of the Revised Code.

Sec. 3962.09. (A) Except as provided in division (B) of this section, an individual has a cause of action against a person that violates section 3962.02 of the Revised Code for harm to the individual resulting from the violation. If a court finds that a violation has occurred and that harm has resulted, the court shall award damages and grant injunctive or other equitable relief.

(B) This section does not create a cause of action against a person described in section 3962.04 of the Revised Code unless the person fails to meet the deadline that applies to the action the person elects to take under division (A)(1) or (2) of section 3962.04 of the Revised Code.

Sec. 3962.10. If the attorney general has reason to believe that a person is in the process of creating ownership interests that will result in a violation of section 3962.02 of the Revised Code, the attorney general may file a petition in a court of competent jurisdiction for an order enjoining the

person from continuing that process. On a finding that the person's actions will result in the violation, the court shall issue the requested order.

Sec. 3962.11. In addition to any other authority granted by the Revised Code, the department of insurance, department of medicaid, department of health, and state board of pharmacy may oversee and investigate any person for an alleged violation of section 3962.02 of the Revised Code to the extent that the violation involves matters that are within the jurisdiction of the particular department or the board. In so doing, the departments and board may collaborate with or seek assistance from the attorney general, auditor of state, secretary of state, and other state officers or agencies.

Sec. 3962.12. (A) The health care conglomerate separation fund is created, which shall be in the custody of the treasurer of state but shall not be part of the state treasury. The fund shall consist of all money collected from disgorgement orders issued under sections 3962.07 and 3962.08 of the Revised Code.

(B) The treasurer of state shall use the money in the fund only for the following:

(1) Returning amounts in accordance with division (C) of section 3962.07 of the Revised Code;

(2) Distributing amounts, as directed by the general assembly, to state officers and agencies for their use in enforcing this chapter, with each amount to be allocated according to the state officer or agency that has jurisdiction over the activity that resulted in the disgorgement order.

Section 2. (A) Not later than fifteen months after the effective date of this section, the Secretary of State, through

the Business Services Division of the Office of the Secretary of State, shall prepare a report regarding the impact of the prohibitions established under section 3962.02 of the Revised Code. In preparing the report, the Secretary of State and the Business Services Division shall collaborate with, and seek the advice of, all of the following whenever appropriate: the Attorney General, Auditor of State, Department of Insurance, Department of Medicaid, Department of Health, Department of Taxation, and State Board of Pharmacy.

(B) The report shall include all of the following information:

(1) The identities of the persons that, on the effective date of this section, are subject to the prohibitions established under section 3962.02 of the Revised Code;

(2) The identities of the entities owned by the persons described in division (B)(1) of this section;

(3) Whether the persons described in division (B)(1) of this section chose divestiture under division (A)(1) of section 3962.04 of the Revised Code or cessation of services under division (A)(2) of that section;

(4) An evaluation of the effect of the required divestitures or cessation of services on competition within the health care system, the financial viability of the persons involved, and the interests of the public;

(5) Any other information the Secretary of State considers relevant to the report.

(C) On completion of the report, the Secretary of State shall submit copies to the General Assembly in accordance with section 101.68 of the Revised Code. The Secretary of State also

shall make the report available to the public.