

SENATE, No. 4844

STATE OF NEW JERSEY
222nd LEGISLATURE

INTRODUCED OCTOBER 19, 2026

Sponsored by:
Senator TROY SINGLETON
District 7 (Burlington)

SYNOPSIS
Establishes “Health Care Clinical Independence and Transaction
Transparency Act.”

CURRENT VERSION OF TEXT
As introduced.



1 AN ACT concerning physician and dental practices and
2 supplementing Titles 26 and 45 of the Revised Statutes.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. This act shall be known and may be cited as the “Health Care
8 Clinical Independence and Transaction Transparency Act.”

9
10 2. As used in this act:

11 “Affiliate” means a person or entity that directly or indirectly
12 controls, is controlled by, or is under common control with another
13 person or entity.

14 “Control” shall include the direct or indirect power to direct
15 management or policies through ownership, voting rights,
16 governance rights, contract, financing arrangements, management
17 agreements, or another arrangement.

18 “De facto control” means the direct or indirect exercise of
19 ultimate decision-making authority over a function that State law,
20 professional standards, or this act reserves to a licensed physician,
21 licensed dentist, or professional practice, regardless of whether the
22 person exercising that authority possesses formal ownership of the
23 professional entity.

24 “Management services organization” or “MSO” means an entity
25 that provides management, administrative, financial, operational, or
26 other nonprofessional services to a professional practice pursuant to
27 contract or another arrangement.

28 “Nonprofessional entity” means a person or entity not legally
29 authorized to exercise professional medical or dental judgement.

30 “Professional practice” means activity which is defined as
31 "practicing dentistry" pursuant to R.S.45:6-19 or the “practice of
32 medicine and surgery” as defined pursuant to R.S.45:9-5.1.

33 “Private equity company” means any company that collects
34 capital investments from individuals or entities and purchases, as a
35 parent company or through another entity that the company
36 completely or partially owns or controls, a direct or indirect
37 ownership share of a provider, provider organization or
38 management services organization. “Private equity company” shall
39 not include venture capital firms exclusively funding startups or
40 other early-stage businesses, commercial lenders solely providing
41 debt financing without rights amounting to control of the
42 professional practice, and venture-capital investment in startup or
43 early-stage enterprises.

44 “Significant equity investor” means: a private equity company
45 possessing a direct or indirect financial interest in a covered
46 professional practice or its MSO; or another investor or affiliated
47 group possessing 10 percent or more of the equity, capital, voting
48 rights, or profits of the practice or MSO.

1 3. a. A nonprofessional entity shall not directly or indirectly
2 exercise de facto control over the professional clinical judgement of
3 a licensed physician, dentist, or professional practice. A licensed
4 physician or dentist or professional practice shall have the ultimate
5 authority over decisions related to:

- 6 (1) diagnosis;
- 7 (2) treatment;
- 8 (3) medical necessity;
- 9 (4) diagnostic testing;
- 10 (5) referrals and consultations;
- 11 (6) patient-specific clinical decisions;
- 12 (7) clinical standards and protocols;
- 13 (8) clinical competency determinations;
- 14 (9) the hiring, disciplining, or termination of an employee, who
15 is a licensed physician or dentist, when such decision is based on
16 professional competence, quality of care, patient safety, or
17 professional conduct;
- 18 (10) clinical staffing, when such decision materially affects
19 patient safety or professional clinical judgement;
- 20 (11) the time clinically necessary to evaluate or treat an
21 individual patient;
- 22 (12) patient-volume requirements, where application of the
23 requirement would interfere with patient safety or professional
24 clinical judgement;
- 25 (13) diagnostic and procedural coding to the extent professional
26 clinical judgement is required;
- 27 (14) the clinical content of patient records;
- 28 (15) selection of pharmaceuticals, devices, equipment, or
29 supplies when professional clinical judgment is required; and
30 (16) any other decision that is required to be made by a licensed
31 physician or dentist pursuant to State law.

32 b. Provided that a licensed physician or dentist or professional
33 practice retains ultimate authority over decisions that require
34 professional clinical judgement as provided in subsection a. of this
35 section, a nonprofessional entity shall be permitted to perform or
36 manage, for the professional practice: accounting and bookkeeping;
37 payroll and employee-benefit administration; nonclinical human
38 resources; information technology and cybersecurity; facilities and
39 real estate; nonclinical procurement; equipment administration;
40 marketing and lawful advertising; billing administration; revenue-
41 cycle management; coding support; budgeting; financial planning
42 and analysis; strategic planning; compliance infrastructure; data
43 analytics; payer-contract analysis and negotiation support; value-
44 based-care infrastructure; scheduling administration; and other
45 nonprofessional business functions.

46
47 4. No contract or agreement shall confer a nonprofessional
48 entity the authority to make decisions prohibited pursuant to section

1 2 of this act. Beginning 12 months after the effective date of this
2 act, any provision of such a contract or agreement that violates a
3 provision of section 2 of this act shall be void and unenforceable
4 with respect to the violation; provided, however, that nothing in this
5 section shall be construed to render void or unenforceable the
6 remaining provisions of the contract or agreement.

7
8 5. a. Prior to any material transaction involving a material
9 change outlined in subsection b. of this section between a
10 nonprofessional entity and a professional practice, the professional
11 practice shall, at least 60 days prior to the use or adoption of the
12 change:

13 (1) provide a notice of the material transaction pursuant to
14 subsection c. of this section to the Attorney General and
15 Commissioner of Health; and

16 (2) post on the professional practice's Internet website a notice
17 of the material transaction pursuant to subsection d. of this section.

18 Nothing in this section shall be construed to authorize the
19 Attorney General or Commissioner of Health to review, approve, or
20 disapprove the material transaction, unless such a transaction
21 violates a provision of this act.

22 b. (1) The requirements of subsection a. shall apply to the
23 following material transactions:

24 (a) a transaction, in which the value of the transaction is \$25
25 million or more;

26 (b) a transaction, in which the parties to the transaction have
27 combined revenue in the State of \$25 million or more; and

28 (c) a transaction, whether through a single transaction or series
29 of transactions, that would result in the acquisition of, ownership, or
30 control of a professional practice, involving 10 or more licensed
31 physicians or dentists practicing in New Jersey.

32 (2) The Attorney General, in consultation with the Department
33 of Health, may periodically increase the monetary thresholds
34 established in subparagraphs (a) and (b) of this subsection, by
35 regulation, to reflect inflationary increases.

36 (3) The requirements of subsection a. shall not apply to the
37 following:

38 (a) internal reorganizations or transactions between or among
39 entities under common control that do not result in a change of
40 beneficial ownership or control;

41 (b) the employment of a physician or dentist by the professional
42 practice, provided that the employment does not result in a change
43 in ownership or control of the practice;

44 (c) the formation of a new independent professional practice by
45 a licensed physician or dentist;

46 (d) a transfer of an ownership interest in a professional practice
47 in connection with the death, retirement, withdrawal, or succession
48 of a licensed owner, provided that the transfer does not result in a

- 1 significant equity investor or other outside entity acquiring control
2 of the practice;
- 3 (e) transactions under bankruptcy-court supervision; and
- 4 (f) any other transactions, for which substantially equivalent
5 information has already been submitted to the Office of the
6 Attorney General or the Department of Health under State law or
7 regulation. The Office of the Attorney General or the Department
8 of Health shall be authorized to share such information with each
9 other as necessary to implement the provisions of this act.
- 10 c. The notice required pursuant to paragraph (1) of subsection a.
11 shall include the following information:
- 12 (1) identification of the parties to the transaction;
- 13 (2) a description of the proposed transaction, the structure of the
14 transaction, and the ultimate controlling entities after the
15 transaction;
- 16 (3) the anticipated closing date of the transaction;
- 17 (4) the value of the transaction;
- 18 (5) the ownership and control structure of the professional
19 practice before and after the transaction;
- 20 (6) the address of all practice locations in New Jersey that
21 would be affected by the transaction;
- 22 (7) the medical or dental specialties that would be affected by
23 the transaction;
- 24 (8) the number of licensed physicians or dentists that would be
25 affected by the transaction;
- 26 (9) any material closure, elimination, reduction, relocation,
27 consolidation, or expansion of a health care service that is
28 reasonably anticipated as of the date of the notice;
- 29 (10) any material reductions in staffing that is reasonably
30 anticipated as of the date of the notice; and
- 31 (11) if a significant equity investor is a party to the transaction:
- 32 (a) an organization chart:
- 33 (i) listing the identity of each person or entity having a direct or
34 indirect beneficial ownership or control interest in the significant
35 equity investor and the nature and extent of that interest; and
- 36 (ii) identifying the direct and indirect ownership and control
37 relationships among the parties to the transaction and any
38 significant equity investor;
- 39 (b) the material sources and terms of financing for the
40 transaction, including the amount and type of debt and equity
41 financing;
- 42 (c) any material debt to be incurred, assumed, or guaranteed by
43 the professional practice in connection with the transaction;
- 44 (d) any management services agreement between the
45 professional practice and any management services organization
46 involved in the transaction;

- 1 (e) any material management, advisory, monitoring, consulting,
2 or similar fee payable in connection with the transaction to the
3 significant equity investor or an affiliate thereof;
- 4 (f) any material transaction or arrangement between the
5 professional practice and the significant equity investor or an
6 affiliate thereof;
- 7 (g) any material recapitalization or distribution to the significant
8 equity investor or an affiliate thereof that is contemplated in
9 connection with the transaction;
- 10 (h) any transfer of interest in real property used by the
11 professional practice in connection with the transaction; and
- 12 (i) any sale-leaseback arrangement involving real property used
13 by the professional practice in connection with the transaction; and
- 14 (12) if the transaction includes a sale-leaseback arrangement:
- 15 (a) the identity of the purchaser and lessor, and the relationship,
16 if any, of the purchaser or lessor to any party to the transaction;
- 17 (b) the sale price of the real property;
- 18 (c) the term of the lease and the amount of rent payable during
19 the initial year of the lease;
- 20 (d) any material provision providing for an increase or other
21 adjustment in rent during the term of the lease;
- 22 (e) any guarantee of the obligations under the lease and the
23 identity of each guarantor;
- 24 (f) any material financial covenant contained in the lease or
25 related agreement; and
- 26 (g) any other material financial obligation imposed upon the
27 professional practice pursuant to the sale-leaseback arrangement.
- 28 d. (1) The notice required pursuant to paragraph (2) of
29 subsection a. shall include the following information:
- 30 (a) the identification of the parties to the transaction;
- 31 (b) a description of the proposed transaction, the structure of the
32 transaction, and the ultimate controlling entities after the
33 transaction;
- 34 (c) the anticipated closing date of the transaction;
- 35 (d) the ownership and control structure of the professional
36 practice before and after the transaction; and
- 37 (e) the address of all practice locations in New Jersey that
38 would be affected by the transaction.
- 39 (2) To the extent consistent with State law, nothing in this
40 subsection shall be construed to require a professional practice to
41 disclose pursuant to paragraph (2) of subsection a. the following
42 information: trade secrets; proprietary financial information;
43 competitively sensitive contractual terms; personal information; and
44 any other confidential commercial information.
- 45 e. The Attorney General or Commissioner of Health, as
46 applicable, may require a professional practice to submit data and
47 information necessary to assess the post-transaction impacts of the
48 material change for a period of 3 years following the completion of

1 a material change, if the Attorney General or commissioner issues a
2 written determination that there is a reasonable basis to monitor a
3 material concern regarding competition in the health care market,
4 health care costs, patient access to health care services, continuity
5 of care, the independent professional clinical judgement of
6 physicians or dentists, or the financial stability of the professional
7 practice. Any data and information submitted pursuant to this
8 subsection shall be limited to data and information necessary to
9 evaluate the material concern identified in the written
10 determination.

11

12 6. a. The Attorney General may file an action, in the Superior
13 Court, Law Division in the county in which the professional
14 practice is located, to enforce the requirements of this act and
15 remedy harm caused by a violation of the provisions of this act. In
16 any such action, the court may grant any relief it deems appropriate,
17 including, but not limited to, injunctive, declaratory, and equitable
18 relief.

19 b. Any person, firm, association, partnership, or corporation
20 who fails to comply with requirements of section 4 of this act shall
21 be subject to:

22 (1) a warning notice;

23 (2) an opportunity to cure the violation within 14 days following
24 the issuance of the notice;

25 (3) if the violation has not been cured pursuant to this
26 subsection:

27 (a) a penalty of not less than \$5,000 or more than \$10,000 for
28 each violation; or

29 (b) a penalty of not less than \$10,000 or more than \$20,000 for
30 each violation involving:

31 (i) a knowing failure to comply with the notice requirements of
32 section 4 of this act;

33 (ii) involving the direct or indirect creation or use of a contract,
34 arrangement, transaction, series of transactions, or other device as
35 part of a plan or scheme to evade the notice requirements of section
36 4 of this act;

37 (iii) the knowing concealment of beneficial ownership or
38 control; (iv) a materially false statement; and

39 (v) any subsequent violation of section 4 of this act.

40

41 7. A professional practice shall not take any retaliatory action
42 against any licensed physician or dentist, who in good faith:

43 a. refuses a directive reasonably believed to be a violation of
44 this act;

45 b. reports a violation of this act internally or to the Attorney
46 General, the Department of Health, or the practitioner's respective
47 licensing board; or

1 c. participates in an investigation in connection with a violation
2 of this act.

3 As used in this section, “retaliatory action” shall have the same
4 meaning as provided in section 2 of P.L.1986, c.105 (C.34:19-2).

5
6 8. Nothing in this act shall be construed to:

7 a. authorize the corporate practice of medicine or dentistry,
8 interference with professional clinical judgement, or any other
9 conduct prohibited under existing law or regulation, including
10 N.J.A.C. 13:35-6.16 or a successor regulation;

11 b. supersede or otherwise affect applicable certificate of need,
12 health care facility licensure, transfer-of-ownership, facility
13 ownership, or charitable asset requirements;

14 c. limit any authority otherwise provided by law to the Attorney
15 General, Commissioner of Health, a professional licensing board, or
16 other State agency or official, including authority under State or
17 federal antitrust or consumer protection law; or

18 d. prohibit an otherwise lawful MSO arrangement, private
19 equity or other investment, debt or equity financing arrangement, or
20 business-performance standard, provided that the arrangement does
21 not violate the requirements of this act or other applicable State
22 law.

23
24 9. The Attorney General and the Commissioner of Health, in
25 consultation with the State Board of Medical Examiners and the
26 New Jersey State Board of Dentistry, shall adopt rules and
27 regulations, pursuant to the “Administrative Procedure Act,”
28 P.L.1968, c.410 (C.52:14B-1 et seq.), as may be necessary to
29 implement the provisions of this act, includes rules and regulations
30 concerning:

31 a. the filing of a notice required pursuant to this act and the
32 coordination of such a filing between departments and other State
33 agencies, as applicable;

34 b. calculating the value of a transaction involving a material
35 change outlined in subsection b. of section 5 of this act;

36 c. the calculating New Jersey-derived revenue of a party to such
37 a transaction;

38 d. identifying any aggregate related transactions to such a
39 transaction;

40 e. confidentiality;

41 f. any exemptions to the provisions of this act;

42 g. the development of standardized forms to be used to
43 implement the provisions of this act

44 h. the implementation of the post-transaction reporting
45 requirements pursuant to subsection e. of section 5 of this act.

46
47 10. This act shall take effect on the first day of the seventh
48 month following enactment, except that the Attorney General and

1 the Commissioner of Health may take any anticipatory
2 administrative action in advance as shall be necessary for the
3 implementation of this act.

4
5
6 STATEMENT
7

8 This bill establishes the “Health Care Clinical Independence and
9 Transaction Transparency Act.”

10 The bill provides that a nonprofessional entity is prohibited from
11 directly or indirectly exercising de facto control over the
12 professional clinical judgement of the professional practice of a
13 licensed doctor or dentist. The bill defines a “nonprofessional
14 entity” to mean a person or entity not legally authorized to exercise
15 professional medical or dental judgement.

16 Under the bill, a licensed physician or dentist or professional
17 practice is to have the ultimate authority over decisions related to:
18 diagnosis; treatment; medical necessity; diagnostic testing; referrals
19 and consultations; patient-specific clinical decisions; clinical
20 standards and protocols; clinical competency determinations; the
21 hiring, disciplining, or termination of an employee, who is a
22 licensed physician or dentist, when such decision is based on
23 professional competence, quality of care, patient safety, or
24 professional conduct; clinical staffing, when such decision
25 materially affects patient safety or professional judgement; the time
26 clinically necessary to evaluate or treat an individual patient;
27 patient-volume requirements, where application of the requirement
28 would interfere with professional clinical judgement or patient
29 safety; diagnostic and procedural coding to the extent professional
30 clinical judgement is required; the clinical content of patient
31 records; selection of pharmaceuticals, devices, equipment, or
32 supplies when professional clinical judgment is required; and any
33 other decision that is required to be made by a licensed physician or
34 dentist pursuant to State law.

35 Under the bill, a nonprofessional entity is still permitted to
36 perform or manage certain operations for the professional practice
37 as outlined under the bill; provided that a licensed physician or
38 dentist or professional practice retains ultimate authority over
39 decisions that require professional clinical judgement.

40 The bill requires that, prior to certain material transactions
41 involving material changes as outlined in the bill, a professional
42 practice is to provide a notice of the transaction to the Attorney
43 General and Commissioner of Health and to publish a notice of the
44 transaction on the professional practice’s Internet website.

45 The Attorney General or Commissioner of Health, as applicable,
46 may require a professional practice to submit data and information
47 necessary to assess the post-transaction impacts of the material
48 change for a period of 3 years following the completion of a

1 material change, if the Attorney General or commissioner issues a
2 written determination that there is a reasonable basis to monitor a
3 material concern regarding competition in the health care market,
4 health care costs, patient access to health care services, continuity
5 of care, the independent professional clinical judgement of
6 physicians or dentists, or the financial stability of the professional
7 practice. Any data and information submitted pursuant to this
8 subsection will be limited to data and information necessary to
9 evaluate the material concern identified in the written
10 determination.

11 The bill provides that the Attorney General may file an action, in
12 the Superior Court, Law Division in the county in which the
13 professional practice is located, to enforce the requirements of this
14 act and remedy harm caused by a violation of the provisions of this
15 act. The bill establishes certain penalties for violations of the bill's
16 notice requirements.

17 The bill provides that a professional practice is prohibited from
18 taking any retaliatory action against any licensed physician or
19 dentist, who in good faith: refuses a directive reasonably believed
20 to be a violation of the bill's provisions; reports a violation of the
21 bill's provisions internally or to the Attorney General, the
22 Department of Health, or the practitioner's respective licensing
23 board; or participates in an investigation in connection with a
24 violation of the bill's provisions.