

Navigating New OHCA Notice Requirements Effective January 1

Insights

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California [Assembly Bill 1415](#) ("AB 1415"), which was signed into law on October 11, 2025, expanded the authority of the state's Office of Health Care Affordability ("OHCA") to review certain material change transactions impacting the health care industry effective January 1, 2026. OHCA is not expected to issue AB 1415's implementing regulations until Spring 2026 but has provided some limited guidance through recently posted [AB 1415 FAQs](#).

As we previously reported [here](#), effective January 1, 2026, AB 1415 created a new category of entities that will be required to provide notices to OHCA of certain health care transactions. These "*noticing entities*" include not just private equity groups, hedge funds and management services organizations ("MSOs"), but also any "newly created business entity created for the purpose of entering into agreements or transactions with a health care entity" as well as "[a]n entity that owns, operates, or controls a provider, regardless of whether the provider is currently operating, providing health care services, or has a pending or suspended license." This will greatly expand the number and type of transactions that require OHCA pre-closing review.

OHCA regulations currently establish the specific transaction materiality circumstances under which "health care entities" that meet certain asset or revenue thresholds, or that provide health care services in a designated primary care health professional shortage area, are required to provide notice to OHCA of the transaction at least 90 days prior to its anticipated closing date. Despite AB 1415's upcoming January 1, 2026, effective date, without updated regulations, we still do not know the specific notice, materiality and other thresholds and requirements that OHCA will apply to these new "noticing entities" as compared to those applicable to "health care entities."

Notwithstanding the lack of regulations, OHCA advises in its new FAQs that until it issues its new regulations, "noticing entities must provide, at a minimum, "written notice" of the transaction under Health and Safety Code section 127507(c)(2)(A)." Additionally, OHCA's FAQs state that they intend to enact regulations that establish the same 90-day advance notice filing timeline for noticing entities to provide their notices to OHCA.

Under Health and Safety Code section 127507(c)(2)(A):

"A noticing entity shall provide [OHCA] with written notice of agreements or transactions between the noticing entity and a health care entity or management services organization, or an

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entity that owns or controls the health care entity or management services organization that do either of the following:

- (i) Sell, transfer, lease, exchange, option, encumber, convey, or otherwise dispose of a material amount of the health care entity's or management services organization's assets to one or more entities.
- (ii) Transfer control, responsibility, or governance of a material amount of the assets or operations of the health care entity or management services organization to one or more entities.

Neither AB 1415 nor OHCA's FAQs address what may constitute a "material amount" of the assets or operations of a health care entity or MSO for purposes of the above notice obligations, or what information and documents noticing entities will need to provide as part of their written notices to OHCA

There are likely numerous pending transactions for which no "health care entity" was required to provide notice to OHCA before AB 1415 (i.e., before January 1, 2026), but for which notice will now be required by a "noticing entity" under AB 1415 if it closes after December 31, 2025. If you previously determined that your pending transaction did not require notice to OHCA, it would be prudent to reevaluate whether notice to OHCA of the transaction will be required under the new January 1st framework. For those transactions, it would be ideal to close prior to year end if possible, to avoid the new reporting requirement. If it is not possible to close those transactions prior to year end, we recommend consulting with legal counsel to determine next steps to prepare for providing notice to OHCA.

To date, OHCA has received [notice](#) of 37 transactions, and earlier this month [OHCA announced](#) that a second transaction has now been referred for a Cost and Market Impact Review (CMIR); both CMIRs are currently in progress.

As a reminder, Governor Newsom also recently signed [SB 351](#) which codifies limitations around the involvement of private equity groups and hedge funds in physician and dental practices in California. More details about SB 351 can be found in this [HLB client alert](#).

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