

California OHCA Updates Proposed AB 1415 Pre-Transaction Notice Regulations

Insights

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On September 11, 2026, the California Office of Health Care Affordability (“OHCA”) released its long-awaited [revised proposed emergency regulations](#) (“Revised Proposed Regulations”) that revise its initial proposed regulations previously released on May 15, 2026 (the “Initial Proposed Regulations”). These regulations update the material change transaction notice and cost and market impact review (“CMIR”) requirements to implement [AB 1415](#).

AB 1415 and the Revised Proposed Regulations significantly expand OHCA’s authority to require private equity groups, hedge funds, management services organizations (“MSOs”), newly created business entities, and entities that own, operate, or control a provider to file written notice of material change transactions with OHCA. OHCA has indicated that it intends to submit the Revised Proposed Regulations to the Office of Administrative Law (“OAL”) sometime on or after Friday, September 18, 2026.

A number of OHCA’s revisions to the Initial Proposed Regulations (which we described in our May 2026 article ([here](#))) are important corrections (such as moving “an entity that owns, operates, or controls a provider” from the definition of “health care entity” to the definition of “noticing entity” to be consistent with the language of AB 1415), while other revisions are non-substantive in nature (such as relocating certain provisions).

Some of the Revised Proposed Regulations’ more notable changes include:

- **Higher Private Equity / Hedge Fund Ownership Threshold.** OHCA increased the ownership threshold associated with the private equity/hedge fund trigger from 5% to 10% (§ 97435(c)(9)(A)). This 10% figure aligns with the federal Hart-Scott-Rodino (HSR) *passive* investment exemption threshold (though, in both cases, exertion of control can disqualify the 10% exception/exemption).
- **Reversion to Statutory MSO Definition.** OHCA replaced the Initial Proposed Regulations’ “management services organization” definition with a cross-reference to the CMIR statute’s definition, and instead expanded the applicability of the MSO material change triggers under (c)(7), (8), and (10) filing circumstances, which means more transactions will require material change notices (§ 97431(k)).
- **Hospital-Owned MSO Framework.** OHCA changed the “hospital-owned” MSO criteria from having “*two* or more physician organizations” as clients or affiliates to just “*one* or more physician organizations” as clients or

PROFESSIONAL



SANDI KRUL
Partner
Los Angeles



KERRY K. SAKIMOTO
Associate
Los Angeles



KARL A. SCHMITZ
Partner
Los Angeles



MICHAEL SHIMADA
Associate
San Francisco



SUNAYA PADMANABHAN
Associate
San Francisco



PAUL DEERINGER
Partner
San Francisco



ROBERT F. MILLER
Partner
Los Angeles
San Diego

affiliates, which will result in more hospital-owned MSOs being required to file material change notices (§97435(b)(5)).

- **Filing Threshold for Entities that Own, Operate, or Control a Provider.** OHCA added a new requirement that entities that own, operate, or control a provider must also file notice of its material change transactions with health care entities or MSOs that would likewise meet an applicable filing thresholds (§97435(b)(7)).
- **New Disclosure Obligations.** OHCA added a new requirement for MSOs to disclose the names of all health care entities to which they provide management and administrative support services (§ 97438(c)(8)). Submitters must also provide documentation of any options, compensation, or other financial incentive to an officer, director, or person with management or operational responsibility over the health care entity, including any compensation or financial incentive contingent on the transaction's close (§97438(c)(15)).
- **Expanded Real Estate CMIR Factor.** With respect to matters factoring into OHCA decisions to perform a CMIR, OHCA broadened the real estate related CMIR factor from transactions involving “a real estate investment trust (REIT)” to those involving “a real estate investment trust (REIT) *or other investing party*” where the terms could weaken the financial status of the health care entity or place access to care at risk (§97441(a)(1)(G)).

The Revised Proposed Regulations continue to reflect OHCA's broad view of its oversight authority and will require substantial disclosures for many transactions involving private equity investors, MSOs, hospitals, and affiliated health care entities.

We also note that OHCA received comments to the Initial Proposed Regulations requesting that OHCA eliminate duplicative reporting requirements. OHCA did not incorporate changes addressing this issue in the Revised Proposed Regulations. In the absence of changes to the regulations to eliminate duplicative reporting requirements, it is possible that a noticing entity or health care entity may be required to submit more than one notice to OHCA of a material change transaction.

Timing and Next Steps

Once the Revised Proposed Regulations are posted to OAL's website, the public will have 5 calendar days to submit comments to OAL. OAL will have 10 calendar days (from the date of posting) to review and determine whether the Revised Proposed Regulations satisfy applicable rulemaking requirements.

Stay Tuned

We will issue a more detailed and comprehensive analysis of the Revised Proposed Regulations once they are approved and become effective. Until then we will continue to monitor and report on any developments.

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