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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 1274 Session of  
2022

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INTRODUCED BY A. WILLIAMS, KANE, KEARNEY, CAPPELLETTI, SAVAL,  
MUTH AND COSTA, JULY 18, 2022

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REFERRED TO URBAN AFFAIRS AND HOUSING, JULY 18, 2022

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AN ACT

1 Prohibiting separation of real property from a health system  
2 without input from the community, the Attorney General and  
3 the Department of Health.

4 The General Assembly of the Commonwealth of Pennsylvania  
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Preventing  
8 Exploitative Real Estate Splits Act.

9 Section 2. Definitions.

10 The following words and phrases when used in this act shall  
11 have the meanings given to them in this section unless the  
12 context clearly indicates otherwise:

13 "Department." The Department of Health of the Commonwealth.

14 "Health system." An entity owning and operating one or more  
15 hospitals, hospices or nursing homes within this Commonwealth.

16 Section 3. Review of separation of real property from health  
17 system.

18 (a) General rule.--Notwithstanding any other legal

1 requirement or process, a health system shall provide written  
2 notice of its intent to separate the real property from the  
3 health system to the department and the Attorney General before  
4 entering into an agreement to sell, transfer, lease, exchange,  
5 option, encumber or otherwise convey the health system's real  
6 property from the health system. Notice shall include:

7 (1) A copy of the proposed agreement of sale.

8 (2) Transaction agreements relating to the separation  
9 such as a leaseback agreement.

10 (3) A justification of the need to separate ownership of  
11 the real property from the health system.

12 (4) A report on the financial sustainability of the  
13 health system and the access the health system provides to  
14 the community in which the health system is located.

15 (5) Other information deemed necessary by the Attorney  
16 General or department.

17 (b) Public meeting.--Within 30 to 60 days of serving notice  
18 under subsection (a), the health system shall hold a public  
19 meeting in the affected region providing information on the  
20 proposal of the separation of the real property from the health  
21 system. Notice of the public meeting shall be advertised in a  
22 newspaper of general circulation and on the health system's  
23 publicly accessible Internet website and social media accounts.

24 (c) Attorney General duties.--

25 (1) After receipt of the notice under subsection (a),  
26 and within 30 to 60 days, the Attorney General shall conduct  
27 a hearing on the proposal.

28 (2) Within 90 days after the hearing under paragraph  
29 (1), the Attorney General shall prepare a recommendation for  
30 the approval, rejection or approval with conditions of the

1 proposal under subsection (a). The Attorney General may  
2 contract with, consult and receive advice from a Commonwealth  
3 agency on the terms and conditions that the Attorney General  
4 deems appropriate, as well as contract with experts or  
5 consultants to assist in reviewing the proposed sale and  
6 required documents under subsection (a) and provide testimony  
7 at a hearing. The Attorney General may seek reimbursement of  
8 costs for experts and consultants hired to evaluate the  
9 proposed transaction from the health system that intends to  
10 separate real property.

11 (3) The recommendation issued under paragraph (2) shall  
12 constitute official action as defined in 65 Pa.C.S. § 703  
13 (relating to definitions) and be subject to the requirements  
14 of 65 Pa.C.S. Ch. 7 (relating to open meetings).

15 (4) The Attorney General may extend, by not more than 45  
16 days, the deadline for issuance of its recommendation under  
17 paragraph (2) once, if necessary.

18 (5) The Attorney General shall transmit the  
19 recommendation under paragraph (2) to the department.

20 (d) Department duties.--After receipt of the Attorney  
21 General's recommendation under subsection (c)(5), the department  
22 shall make a final determination on the proposal submitted under  
23 subsection (a), after consideration of the following factors:

24 (1) The financial viability of the health system after  
25 the separation of the real property.

26 (2) The impact of the separation of the real property on  
27 health care access and service quality.

28 (3) The degree of necessity to avoid the closure of the  
29 health system.

30 (4) Demonstration of community support for the proposal.

1 (e) Appeal.--If the department fails to approve an agreement  
2 or transaction, the health system may, within 30 calendar days,  
3 appeal the decision of the department. Commonwealth Court shall  
4 have jurisdiction for an appeal from a determination by the  
5 department under this subsection under 42 Pa.C.S. § 763  
6 (relating to direct appeals from government agencies).

7 (f) Protection for employees.--A health system that  
8 separates real property under this section shall comply with the  
9 requirements of the Worker Adjustment and Retraining  
10 Notification Act (Public Law 100-379, 29 U.S.C. § 2101 et seq.).  
11 Section 4. Effective date.

12 This act shall take effect immediately.