

118TH CONGRESS
2D SESSION

S. 4503

To prevent exploitative private equity practices, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 11, 2024

Ms. WARREN (for herself and Mr. MARKEY) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To prevent exploitative private equity practices, and for other
purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Corporate Crimes
5 Against Health Care Act”.

6 **SEC. 2. UNJUST ENRICHMENT CLAWBACK AUTHORITY AND**
7 **CRIMINAL PENALTY.**

8 (a) UNJUST ENRICHMENT CLAWBACK.—Chapter 31
9 of title 18, United States Code, is amended by adding at
10 the end the following:

1 **“§ 671. Unjust enrichment clawback and criminal**
2 **penalty**

3 “(a) PROHIBITED CONDUCT.—Any covered party
4 whose actions contributed to a triggering event that re-
5 sults in the death or injury of a patient or patients under
6 the care of the target firm, shall be punished in accordance
7 with sections 672 and 673.

8 **“§ 672. Criminal penalty**

9 “Whoever violates section 671 shall be imprisoned for
10 not less than 1 year or greater than 6 years.

11 **“§ 673. Civil penalty**

12 “(a) AMOUNT OF PENALTY.—Whoever violates sec-
13 tion 671 shall be subject to a civil penalty in an amount
14 of not more than 5 times the amount of any clawback au-
15 thorized under section 674.

16 “(b) DEPOSIT.—Any amount of civil penalty collected
17 under this section shall be deposited as miscellaneous re-
18 ceipts in the Treasury of the United States.

19 **“§ 674. Clawback**

20 “(a) IN GENERAL.—

21 “(1) PROHIBITION.—It shall be unlawful for
22 any covered party to acquire from a target firm cov-
23 ered compensation by unjust enrichment, and any
24 such covered party shall be subject to the penalties
25 described in sections 672 and 673 in addition to the
26 required clawbacks under this section.

1 “(2) PENALTY.—

2 “(A) REQUIRED CLAWBACKS.—If a target
3 firm experiences a triggering event, the Attor-
4 ney General or a State attorney general may
5 claw back all or part of the covered compensa-
6 tion received by the covered party that is ob-
7 tained from the target firm during the pre-
8 ceding or succeeding 10 years.

9 “(B) ACTIONS TO RECOVER REQUIRED
10 CLAWBACKS.—

11 “(i) POWERS OF THE ATTORNEY GEN-
12 ERAL.—

13 “(I) IN GENERAL.—Except as
14 provided in clause (ii), the Attorney
15 General may enforce this section.

16 “(II) AUTHORITY PRESERVED.—
17 Nothing in this section shall be con-
18 strued to limit the authority of the
19 Attorney General under any provision
20 of law.

21 “(III) PENALTY.—In an action
22 brought by the Attorney General to
23 enforce this section and the regula-
24 tions promulgated under this section,
25 a covered party shall be liable for all

1 or part of the covered compensation
2 received by the covered party that is
3 obtained from the target firm during
4 the preceding or succeeding 10 years.

5 “(ii) ENFORCEMENT BY STATE AT-
6 TORNEYS GENERAL.—

7 “(I) CIVIL ACTION.—If an attor-
8 ney general of a State has reason to
9 believe that a triggering event has
10 harmed the residents of that State,
11 the attorney general of the State may,
12 as *parens patriae*, bring a civil action
13 on behalf of the residents of the State
14 in an appropriate district court of the
15 United States to recover all or part of
16 the covered compensation received by
17 the covered party that is obtained
18 from the target firm during the pre-
19 ceding or succeeding 10 years.

20 “(II) RIGHTS OF THE ATTORNEY
21 GENERAL.—

22 “(aa) NOTICE TO ATTORNEY
23 GENERAL.—

24 “(AA) IN GENERAL.—

25 Except as provided in

1 subitem (CC), the attorney
2 general of a State shall no-
3 tify the Attorney General in
4 writing that the attorney
5 general of the State intends
6 to bring a civil action under
7 subclause (I) not later than
8 10 days before initiating the
9 civil action.

10 “(BB) CONTENTS.—
11 The notification required
12 under subitem (AA) with re-
13 spect to a civil action shall
14 include a copy of the com-
15 plaint to be filed to initiate
16 the civil action.

17 “(CC) EXCEPTION.—If
18 it is not feasible for the at-
19 torney general of a State to
20 provide the notification re-
21 quired by subitem (AA) be-
22 fore initiating an action
23 under subclause (I), the at-
24 torney general of the State
25 shall notify the Attorney

1 General immediately upon
2 instituting the civil action.

3 “(bb) INTERVENTION BY
4 THE ATTORNEY GENERAL.—The
5 Attorney General may—

6 “(AA) intervene in any
7 action brought by the attor-
8 ney general of a State under
9 subclause (I); and

10 “(BB) upon intervening
11 under subitem (aa), be
12 heard on all matters arising
13 in the civil action and file
14 petitions for appeal of a de-
15 cision in the action.

16 “(iii) LIMITATION ON STATE ACTION
17 WHILE FEDERAL ACTION IS PENDING.—If
18 the Attorney General institutes an action
19 under clause (i) with respect to a trig-
20 gering event, a State may not, during the
21 pendency of that action, institute an action
22 under clause (ii) against any defendant
23 named in the complaint in the action insti-
24 tuted by the Attorney General based on
25 the same set of facts giving rise to the

1 triggering event with respect to which the
2 Attorney General instituted the action.

3 “(iv) AFFIRMATIVE DEFENSE.—It
4 shall be an affirmative defense in an action
5 under this section if the applicable covered
6 party shows by clear and convincing evi-
7 dence that the covered party could not pre-
8 vent the triggering event.

9 “(C) DEPOSIT.—

10 “(i) IN GENERAL.—Subject to clause
11 (ii), any covered compensation clawed back
12 in an action under this section shall be de-
13 posited in a fund created by the Attorney
14 General and distributed by the Attorney
15 General, in the interests of justice—

16 “(I) to cover shortfalls in the sal-
17 aries, employee benefit plans, or other
18 benefits owed to current or past em-
19 ployees of the target firm negatively
20 affected by the behavior that is the
21 basis of the action; and

22 “(II) to be put to use in the in-
23 terest of serving the health care needs
24 of the harmed community.

1 “(ii) BANKRUPTCY AS A TRIGGERING
 2 EVENT.—Notwithstanding any other provi-
 3 sion of law, if the entry of an order for re-
 4 lief under title 11 or the commencement of
 5 any other insolvency proceeding is the trig-
 6 gering event that a target firm experiences,
 7 the Attorney General shall prioritize cov-
 8 ering funding shortfalls in any pension
 9 funds benefitting harmed current or past
 10 employees of the target firm.

11 “(b) DEFINITIONS.—In this section:

12 “(1) AFFILIATE.—The term ‘affiliate’ means—

13 “(A) a person that directly or indirectly
 14 owns, controls, or holds with power to vote, 5
 15 percent or more of the outstanding voting secu-
 16 rities of another entity, other than a person
 17 that holds such securities—

18 “(i) in a fiduciary or agency capacity
 19 without sole discretionary power to vote
 20 such securities; or

21 “(ii) solely to secure a debt, if such
 22 entity has not in fact exercised such power
 23 to vote;

24 “(B) a corporation 10 percent or more of
 25 whose outstanding voting securities are directly

1 or indirectly owned, controlled, or held with
2 power to vote, by another entity (referred to in
3 this subparagraph as a ‘covered entity’), or by
4 an entity that directly or indirectly owns, con-
5 trols, or holds with power to vote, 10 percent or
6 more of the outstanding voting securities of the
7 covered entity, other than an entity that holds
8 such securities—

9 “(i) in a fiduciary or agency capacity
10 without sole discretionary power to vote
11 such securities; or

12 “(ii) solely to secure a debt, if such
13 entity has not in fact exercised such power
14 to vote;

15 “(C) a person whose business is operated
16 under a lease or operating agreement by an-
17 other entity, or person substantially all of whose
18 property is operated under an operating agree-
19 ment with that other entity; or

20 “(D) an entity that operates the business
21 or substantially all of the property of another
22 entity under a lease or operating agreement.

23 “(2) CHANGE IN CONTROL.—The term ‘change
24 in control’ means a change in a legal right with re-
25 spect to—

1 “(A) the power to vote more than 50 per
2 centum of any class of voting securities of a
3 corporation that engages in interstate com-
4 merce; or

5 “(B) any lesser per centum of any class of
6 voting securities of a corporation that engages
7 in interstate commerce that is sufficient to
8 make the acquirer of such an interest a person
9 that has the ability to direct the actions of that
10 corporation.

11 “(3) CONTROL PERSON.—The term ‘control
12 person’—

13 “(A) means—

14 “(i) a person—

15 “(I) that directly or indirectly
16 owns, controls, or holds with power to
17 vote, including through coordination
18 with other persons, 10 percent or
19 more of the outstanding voting inter-
20 ests of a corporation; or

21 “(II) that operates the business
22 or substantially all of the property of
23 a corporation under a lease or an op-
24 erating or management agreement;

1 “(ii) a corporation, other than a tar-
2 get firm, that has 10 percent or more of
3 its outstanding voting interests directly or
4 indirectly owned, controlled, or held with
5 power to vote by a person that directly or
6 indirectly owns, controls, or holds with
7 power to vote, including through coordina-
8 tion with other persons, 10 percent or
9 more of the outstanding voting interests of
10 another corporation; or

11 “(iii) a person that otherwise has the
12 ability to direct the actions of a corpora-
13 tion; and

14 “(B) does not include a person that—

15 “(i)(I) is a limited partner with re-
16 spect to a controlling private fund that is
17 a partnership;

18 “(II) does not participate in the direc-
19 tion of the management or policy of a cor-
20 poration; and

21 “(III) is not an insider with respect to
22 the controlling private fund described in
23 subclause (I);

24 “(ii) is a pension fund or employee
25 welfare benefit plan, if neither the fund

1 nor plan (as applicable), nor any bene-
2 ficiary or affiliate of the benefit or plan, is
3 an insider with respect to a controlling pri-
4 vate fund; or

5 “(iii) holds the voting interests of a
6 corporation solely—

7 “(I) in a fiduciary or agency ca-
8 pacity without sole discretionary
9 power to vote the securities; or

10 “(II) to secure a debt, if the per-
11 son has not—

12 “(aa) exercised the power to
13 vote; or

14 “(bb) exercised any other
15 governance rights with respect to
16 the corporation.

17 “(4) CONTROLLING PRIVATE FUND.—The term
18 ‘controlling private fund’ means a private fund that,
19 directly or through an affiliate, becomes a control
20 person with respect to a target firm through the
21 change in control transaction with respect to the tar-
22 get firm.

23 “(5) CORPORATION.—The term ‘corporation’
24 means—

25 “(A) a joint-stock company;

1 “(B) a company or partnership association
2 organized under a law that makes only the cap-
3 ital subscribed or callable up to a specified
4 amount responsible for the debts of the associa-
5 tion, including a limited partnership and a lim-
6 ited liability company;

7 “(C) a trust; and

8 “(D) an association having a power or
9 privilege that a private corporation, but not an
10 individual or a partnership, possesses.

11 “(6) COVERED COMPENSATION.—The term
12 ‘covered compensation’ means—

13 “(A) salary;

14 “(B) any bonus;

15 “(C) any compensation that is granted,
16 earned, or vested based wholly or in part upon
17 the attainment of any financial reporting meas-
18 ure or other performance metric;

19 “(D) equity-based compensation;

20 “(E) time- or service-based awards;

21 “(F) awards based on nonfinancial
22 metrics;

23 “(G) any monitoring fees, management
24 fees, advisory fees, accelerated monitoring fees,

1 transaction fees, or fees for services not ren-
2 dered;

3 “(H) any profits realized from the buying
4 or selling of securities or assets, including any
5 real property;

6 “(I) any severance pay;

7 “(J) any golden parachute benefit; or

8 “(K) any other transaction similar to a
9 transaction described in subparagraph (H) or
10 (I).

11 “(7) COVERED PARTY.—The term ‘covered
12 party’ means—

13 “(A) any current or former director, offi-
14 cer, or control person of, or agent for, a private
15 equity firm or target firm;

16 “(B) any current or former shareholder or
17 joint venture partner that participates in the
18 conduct of the affairs of a target firm; or

19 “(C) any private fund.

20 “(8) EMPLOYEE WELFARE BENEFIT PLAN.—
21 The term ‘employee welfare benefit plan’ has the
22 meaning given the term in section 3 of the Employee
23 Retirement Income Security Act of 1974 (29 U.S.C.
24 1002).

25 “(9) INSIDER.—The term ‘insider’ means any—

1 “(A) director of a corporation;

2 “(B) officer of a corporation;

3 “(C) managing agent of a corporation;

4 “(D) control person with respect to a cor-
5 poration;

6 “(E) affiliate of a corporation;

7 “(F) general partner of a corporation that
8 is a partnership;

9 “(G) consultant or contractor retained by
10 a corporation;

11 “(H) affiliate, relative, or agent of a per-
12 son described in any of subparagraphs (A)
13 through (F); or

14 “(I) affiliate, relative, or agent of a person
15 described in subparagraph (H).

16 “(10) INTEREST COVERAGE.—The term ‘inter-
17 est coverage’ means the revenue of the target firm
18 less the expenses of the target firm, excluding tax
19 and interest, during the most recent fiscal year of
20 the target firm.

21 “(11) PENSION FUND.—The term ‘pension
22 fund’ has the meaning given the term ‘pension plan’
23 in section 3 of the Employee Retirement Security
24 Act of 1974 (29 U.S.C. 1002).

1 “(12) PRIVATE FUND.—The term ‘private fund’
2 means a corporation that—

3 “(A) would be considered an investment
4 company under section 3 of the Investment
5 Company Act of 1940 (15 U.S.C. 80a–3) but
6 for the application of paragraph (1) or (7) of
7 subsection (c) of that section;

8 “(B) is not a venture capital fund, as de-
9 fined in section 275.203(l)–1 of title 17, Code
10 of Federal Regulations, as in effect on the date
11 of enactment of this Act; and

12 “(C) is not an institution selected under
13 section 107 of the Community Development
14 Banking and Financial Institutions Act of 1994
15 (12 U.S.C. 4706).

16 “(13) REASONABLE SALARY.—The term ‘rea-
17 sonable salary’ means the amount that would ordi-
18 narily be paid for like services by like enterprises
19 under like circumstances.

20 “(14) RELATIVE.—The term ‘relative’ means
21 an individual related by affinity or consanguinity
22 within the third degree as determined by the com-
23 mon law, or individual in a step or adoptive relation-
24 ship within such third degree.

1 “(15) SECURITY.—The term ‘security’ has the
2 meaning given the term in section 2(a) of the Secu-
3 rities Act of 1933 (15 U.S.C. 77b(a)).

4 “(16) TARGET FIRM.—The term ‘target firm’
5 means a health care corporation that is acquired in
6 a change in control transaction.

7 “(17) TRIGGERING EVENT.—The term ‘trig-
8 gering event’ means—

9 “(A) any time at which a target firm is be-
10 hind on salary payments greater than 25 per-
11 cent of the total workforce of the target firm
12 for a period of more than 90 days;

13 “(B) closure of the target firm;

14 “(C) if the target firm is behind on rent
15 payments for a period of more than 90 days;

16 “(D) if the target firm defaults on a loan
17 for a period of more than 90 days; or

18 “(E) the entry of an order for relief under
19 title 11 on behalf of the target firm or the com-
20 mencement of any other insolvency proceeding.

21 “(18) UNJUST ENRICHMENT.—The term ‘un-
22 just enrichment’ means the acquisition of covered
23 compensation by a covered party from the target
24 firm during the 10-year period preceding or suc-

1 ceeding a triggering event if any of the following ag-
2 gravating circumstances are established:

3 “(A) The covered compensation was ob-
4 tained through a dividend recapitalization, a
5 sale-leaseback of real estate or equipment, or a
6 related person transaction, as set forth in sec-
7 tion 229.404 of title 17, Code of Federal Regu-
8 lations.

9 “(B) The covered party has been impli-
10 cated in any white-collar crime, as defined in
11 section 901 of title I of the Omnibus Crime
12 Control and Safe Streets Act of 1968 (34
13 U.S.C. 10251), committed in the course of the
14 current or former employment of the covered
15 party.

16 “(C) The covered party has charged the
17 target firm accelerated monitoring fees or fees
18 for services not rendered.

19 “(D) At the time of the issuance of the
20 covered compensation, or as the result of the
21 issuance of the covered compensation, the tar-
22 get firm had an interest coverage in excess of
23 100 percent.”.

24 (b) TECHNICAL AND CONFORMING AMENDMENT.—

25 The table of sections for chapter 31 of title 18, United

1 States Code, is amended by adding at the end the fol-
 2 lowing:

“671. Unjust enrichment clawback and criminal penalty.

“672. Criminal penalty.

“673. Civil penalty.

“674. Clawback.”.

3 **SEC. 3. PROHIBITING PAYMENTS FROM FEDERAL HEALTH**
 4 **CARE PROGRAMS TO ENTITIES THAT SELL**
 5 **ASSETS TO OR USE ASSETS AS COLLATERAL**
 6 **FOR A LOAN WITH A REAL ESTATE INVEST-**
 7 **MENT TRUST.**

8 Section 1128(a) of the Social Security Act (42 U.S.C.
 9 1320a–7(a)) is amended by adding at the end the fol-
 10 lowing new paragraph:

11 “(5) SELLING ASSETS TO OR USING ASSETS AS
 12 COLLATERAL FOR A LOAN WITH A REAL ESTATE IN-
 13 VESTMENT TRUST.—

14 “(A) IN GENERAL.—Any individual or en-
 15 tity that, on or after the date of enactment of
 16 this paragraph, sells any assets to, or newly
 17 pledges any assets as collateral for a loan with,
 18 a real estate investment trust (as defined in
 19 section 856(a) of the Internal Revenue Code of
 20 1986).

21 “(B) CLARIFICATION.—Subparagraph (A)
 22 shall not apply in the case where an individual
 23 or entity agreed to pledge an asset as collateral

1 for a loan with a real estate investment trust
 2 prior to the date of enactment of this para-
 3 graph, including with respect to any future
 4 agreement between the individual or entity and
 5 the real estate investment trust regarding that
 6 same asset.”.

7 **SEC. 4. REPEAL OF SPECIAL RULE FOR TAXABLE REIT SUB-**
 8 **SIDIARIES WITH INTERESTS IN CERTAIN**
 9 **HEALTH CARE PROPERTY.**

10 (a) IN GENERAL.—Section 856(d)(8)(B) of the Inter-
 11 nal Revenue Code of 1986 is amended—

12 (1) by striking “or a qualified health care prop-
 13 erty (as defined in subsection (e)(6)(D)(i))”, and

14 (2) by striking “qualified health care property
 15 or”.

16 (b) CONFORMING AMENDMENTS.—Section 856(d)(9)
 17 of such Code is amended—

18 (1) in subparagraph (A)—

19 (A) by striking “or a qualified health care
 20 property (as defined in subsection
 21 (e)(6)(D)(i))”,

22 (B) by striking “or qualified health care
 23 property”, and

24 (C) by striking “or qualified health care
 25 properties”, and

1 (2) in subparagraph (B)—

2 (A) by striking “or qualified health care
3 property (as so defined)”, and

4 (B) by striking “or qualified health care
5 property” each place it appears in clauses (i),
6 (ii), and (iii)(II).

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 the date of the enactment of this Act.

10 **SEC. 5. ELIMINATION OF QUALIFIED REIT DIVIDENDS**
11 **FROM QUALIFIED BUSINESS INCOME.**

12 (a) IN GENERAL.—Paragraph (1) of section 199A(b)
13 of the Internal Revenue Code of 1986 is amended to read
14 as follows:

15 “(1) IN GENERAL.—The term ‘combined quali-
16 fied business income amount’ means, with respect to
17 any taxable year, an amount equal to the sum of the
18 amounts determined under paragraph (2) for each
19 qualified trade or business carried on by the tax-
20 payer.”.

21 (b) CONFORMING AMENDMENTS.—

22 (1) Section 199A(c)(1) of such Code is amend-
23 ed by striking the last sentence.

1 (2) Section 199A(e) of such Code is amended
2 by striking paragraph (3) and by redesignating
3 paragraph (4) as paragraph (3).

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 the date of the enactment of this Act.

7 **SEC. 6. MANDATORY REPORTING WITH RESPECT TO CER-**
8 **TAIN HEALTH-RELATED OWNERSHIP INFOR-**
9 **MATION.**

10 Part A of title XI of the Social Security Act (42
11 U.S.C. 1301 et seq.) is amended by adding at the end
12 the following new section:

13 **“SEC. 1150D. MANDATORY REPORTING WITH RESPECT TO**
14 **CERTAIN HEALTH-RELATED OWNERSHIP IN-**
15 **FORMATION.**

16 “(a) MANDATORY REPORTING WITH RESPECT CER-
17 TAIN HEALTH-RELATED OWNERSHIP INFORMATION.—

18 “(1) REPORTING.—Not later than January 1,
19 2026 (or in the case of a specified entity formed
20 after January 1, 2026, within 60 days of becoming
21 a specified entity), and each year thereafter, each
22 specified entity (as defined in subsection (e)(8))
23 shall submit to the Secretary, in a form and manner
24 specified by the Secretary, a report containing the
25 following information, subject to paragraph (3)(B):

1 “(A) Data on mergers, acquisitions,
2 changes in ownership, changes in control, trans-
3 actions to form new affiliations, changes in
4 partnerships, joint ventures, and/or manage-
5 ment services agreements, to which such speci-
6 fied entity is a party for the previous 1-year pe-
7 riod, including—

8 “(i) the primary reason the reporting
9 entity completed the acquisition; and

10 “(ii) a description of how the acquirer
11 obtained control of the acquiree, and the
12 percentage of ownership acquired (i.e., vot-
13 ing equity interests).

14 “(B) As applicable, the name, address, tax
15 or health plan identification numbers (includ-
16 ing, without limitation, the tax identification
17 number, National Association of Insurance
18 Commissioners identification number, State in-
19 surance identification number, Medicare pro-
20 vider number, and the standard unique health
21 identifier (as described in section 1173(b)) of
22 all health care providers within the specified en-
23 tity that furnish items or services.

24 “(C) Business structure of any controlling
25 entity, including the business type and the tax

1 identification number of such entity, other af-
2 filiates under common control, subsidiaries, and
3 management services entities of such specified
4 entity, as of the date of the submission of this
5 report.

6 “(D) Information regarding—

7 “(i) the debt-to-earnings ratio of the
8 specified entity;

9 “(ii) the amount of debt incurred—

10 “(I) by each hospital or separate
11 entity within the health system; and

12 “(II) by the entire specified enti-
13 ty;

14 “(iii) real estate leases and purchases
15 for property used, or intended to be used,
16 to furnish or otherwise support the provi-
17 sion of health care services, including ex-
18 penditures on rents and maintenance,
19 property taxes paid, and the name of the
20 company leased from;

21 “(iv) details of other companies’ rev-
22 enue sharing arrangement;

23 “(v) fees charged or dividends paid to
24 investors;

1 “(vi) in the case of a non-profit hos-
2 pital, a subsidiary of a non-profit hospital,
3 or a 501(c)(3) entity that shares common
4 ownership with a non-profit hospital, cap-
5 ital gains investments (disaggregated by
6 the type of investment) and any taxes paid
7 on such gains from such investments; and

8 “(vii) information with respect to any
9 controlling entity of such specified entity.

10 “(E) The value of quality payments re-
11 ceived for performance under any value-based
12 or other performance-based program such as
13 the shared savings program under section 1899.

14 “(F) Any other information with respect to
15 ownership or control of a specified entity, as de-
16 termined by the Secretary.

17 “(G) Any changes to the health care pro-
18 viders within the specified entity that furnish
19 items or services during the previous 1-year pe-
20 riod, identified by the National Provider identi-
21 fier described in section 1173(b).

22 “(H) The domicile and business registra-
23 tion information for any controlling entity or
24 subsidiary of such controlling entity that is
25 domiciled outside of the United States.

1 “(2) AVOIDING DUPLICATE REPORTING.—If a
2 specified entity is owned or controlled by an entity
3 described in subparagraph (G) of subsection (f)(8),
4 only the entity described in such subparagraph (G)
5 shall be required to submit reports under this sub-
6 section with respect to such entity and any specified
7 entity owned or controlled by the entity.

8 “(3) AVAILABILITY OF INFORMATION AND PUB-
9 LIC REPORTING.—

10 “(A) IN GENERAL.—Not later than Janu-
11 ary 1, 2027, and annually thereafter, subject to
12 subparagraph (B), the Secretary shall post on
13 a publicly available website of the Department
14 of Health and Human Services the information
15 reported under this subsection with respect to
16 the previous 1-year period for which the infor-
17 mation was collected.

18 “(B) REQUIREMENT.—In making informa-
19 tion reported under this subsection publicly
20 available under subparagraph (A), the Sec-
21 retary shall do so in a manner that does not
22 disclose the social security number of any indi-
23 vidual provider of services or supplier.

24 “(b) AUDITS.—The Secretary shall conduct an an-
25 nual audit consisting of a random sample of specified enti-

1 ties to verify compliance with the requirements of this sec-
2 tion and the accuracy of information submitted pursuant
3 to this section.

4 “(c) PENALTY FOR FAILURE TO REPORT.—If a spec-
5 ified entity fails to provide a complete report under sub-
6 section (a), or submits a report containing false informa-
7 tion, such entity shall be subject to a civil monetary pen-
8 alty of not more than \$5,000,000 for each such report
9 not provided or containing false information. Such penalty
10 shall be imposed and collected in the same manner as civil
11 money penalties under subsection (a) of section 1128A are
12 imposed and collected under that section.

13 “(d) INAPPLICABILITY OF PAPERWORK REDUCTION
14 ACT.—Chapter 35 of title 44, United States Code, shall
15 not apply to collections of information made under this
16 section.

17 “(e) DEFINITIONS.—In this section:

18 “(1) CONTROL.—The term ‘control’ means the
19 direct or indirect power through ownership, contrac-
20 tual agreement, or otherwise—

21 “(A) to vote more than 5 percent of any
22 class of voting securities of a specified entity; or

23 “(B) to direct the actions of the specified
24 entity.

25 “(2) CONTROLLING ENTITY.—

1 “(A) IN GENERAL.—The term ‘controlling
2 entity’ means, with respect to any specified en-
3 tity, a parent company or other entity that
4 owns or controls the specified entity through
5 ownership, contractual agreement, or otherwise.

6 “(B) INCLUSION OF REITS.—Such term in-
7 cludes, with respect to a specified entity, a real
8 estate investment trust (as defined in section
9 856 of the Internal Revenue Code of 1986) that
10 owns property where the specified entity fur-
11 nishes health care items or services.

12 “(3) HEALTH PLAN.—The term ‘health plan’
13 has the meaning given such term in section
14 1128C(c).

15 “(4) HEALTH SYSTEM.—The term ‘health sys-
16 tem’ means a group of health care organizations
17 (such as physician practices, hospitals, skilled nurs-
18 ing facilities) that are jointly owned or managed.

19 “(5) HOSPITAL.—The term ‘hospital’ has the
20 meaning given such term in section 1861(e).

21 “(6) INDEPENDENT FREESTANDING EMER-
22 GENCY DEPARTMENT.—The term ‘independent free-
23 standing emergency department’ has the meaning
24 given such term in section 2799A–1(a)(3)(D) of the
25 Public Health Service Act.

1 “(7) PRIVATE FUND.—The term ‘private fund’
2 means a corporation that—

3 “(A) would be considered an investment
4 company under section 3 of the Investment
5 Company Act of 1940 (15 U.S.C. 80a–3) but
6 for the application of paragraph (1) or (7) of
7 subsection (c) of such section 3;

8 “(B) is not a venture capital fund, as de-
9 fined in section 275.203(l)–1 of title 17, Code
10 of Federal Regulations, as in effect on the date
11 of enactment of this section; and

12 “(C) is not an institution selected under
13 section 107 of the Community Development
14 Banking and Financial Institutions Act of 1994
15 (12 2 U.S.C. 4706).

16 “(8) SPECIFIED ENTITY.—The term ‘specified
17 entity’ means—

18 “(A) a hospital or health system;

19 “(B) a physician-owned physician practice
20 (other than a practice described in subpara-
21 graph (C)) that is enrolled in the Medicare pro-
22 gram under title XVIII under section 1866(j);

23 “(C) a physician practice owned, con-
24 trolled, under common control, or under man-
25 agement agreement by a hospital, health sys-

1 tem, a health plan, a private fund, a venture
2 capital fund, a public or private corporation, or
3 any subsidiaries or entities under common con-
4 trol thereof;

5 “(D) an ambulatory surgical center meet-
6 ing the standards specified under section
7 1832(a)(2)(F)(i);

8 “(E) an independent freestanding emer-
9 gency department;

10 “(F) a behavioral health treatment facility,
11 a hospice program (as defined in section
12 1861(dd)(2)), a home health agency, a provider
13 of services or renal dialysis facility that fur-
14 nishes renal dialysis services, or an assisted liv-
15 ing facility;

16 “(G) any other entity specified by the Sec-
17 retary that furnishes health care items and
18 services; and

19 “(H) any entity that owns or controls 1 or
20 more specified entities.

21 “(9) VENTURE CAPITAL FUND.—The term ‘ven-
22 ture capital fund’ has the meaning given such term
23 in section 275.203(1)–1 of title 17, Code of Federal
24 Regulations.”.

1 **SEC. 7. REPORT ON MORAL INJURY IN HEALTH CARE.**

2 (a) IN GENERAL.—Not later than 3 years after the
3 date of enactment of this Act, the Inspector General of
4 the Department of Health and Human Services shall—

5 (1) conduct a study that evaluates profit-driven
6 practices, including cost-cutting practices and rev-
7 enue-enhancing practices, in health care delivery;
8 and

9 (2) submit to Congress a report describing the
10 results of such study.

11 (b) INCLUSIONS.—The study conducted under sub-
12 section (a)(1) shall include—

13 (1) an evaluation of profit-driven and revenue-
14 maximization practices in health care delivery, in-
15 cluding—

16 (A) overbilling or up-coding;

17 (B) inflated patient severity or patient risk
18 scores;

19 (C) executive and provider compensation
20 designed to increase revenue or profits, such as
21 bonuses based on productivity, relative value
22 units, or service volume;

23 (D) reductions in staff and substitution of
24 patient care staff with technology;

25 (E) changes in the mix of services provided
26 in order to maximize revenue;

1 (F) efforts by private health insurers that
2 are designed to restrict, delay, deny, or discour-
3 age health care access services, such as prior
4 authorization or utilization review mechanisms;
5 and

6 (G) efforts by private health insurers, pri-
7 vate equity firms, and other corporate entities
8 to evade state Corporate Practice of Medicine
9 laws;

10 (2) an evaluation of the impact of such prac-
11 tices on—

12 (A) the quality, safety, and outcomes of
13 patient care;

14 (B) the well-being of personnel providing
15 health care services;

16 (C) the Medicare program under title
17 XVIII of the Social Security Act (42 U.S.C.
18 1395 et seq.);

19 (D) the Medicaid program under title XIX
20 of such Act (42 U.S.C. 1396 et seq.);

21 (E) health care furnished under the laws
22 administered by the Secretary of Veterans Af-
23 fairs;

1 (F) the health insurance program carried
2 out under chapter 89 of title 5, United States
3 Code;

4 (G) qualified health plans offered through
5 American Health Benefit Exchanges established
6 under section 1311 or 1321 of the Patient Pro-
7 tection and Affordable Care Act (42 U.S.C.
8 18031, 18041); and

9 (H) group health plans and group and in-
10 dividual health insurance coverage, including
11 managed care plans;

12 (3) an estimate of the financial returns accru-
13 ing to parties that benefit from such practices, in-
14 cluding investors and other entities; and

15 (4) an evaluation of the adequacy of Federal
16 policies designed to prevent and penalize health care
17 fraud and abuse, given health care consolidation and
18 integration, including the transparency of health
19 care entities' financial practices, the enforcement re-
20 sources of Federal agencies, and the adequacy of fi-
21 nancial and other penalties as deterrents.

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