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Healthcare Alert

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Illinois healthcare bills target private equity deals and applied behavior analysis rules

By Valerie Breslin Montague, Jéna Grady, Ethan Domsten, Meredith LaMaster, and Grace Connelly

Illinois bills aim to expand healthcare transaction reporting, target private equity deals, and tighten ABA corporate practice rules.



What's the impact?

- HB 5000 expands Illinois healthcare transaction reporting, including deals involving private equity companies.
- SB 712 establishes applied behavior analysis (ABA) corporate practice rules by limiting clinical decision-making to licensed professionals.
- Healthcare providers, investors, and management services organizations should account for the new notice requirements as part of their transaction diligence and deal timelines, while ABA businesses should review their ownership structures and clinical oversight arrangements.

On May 28, the Illinois General Assembly passed [House Bill 5000](#) (HB 5000), which amends the Illinois Health Care Facilities Planning Act and the Illinois Antitrust Act to broaden healthcare transaction reporting requirements and explicitly capture private equity investments in

healthcare entities. The bill is currently on the governor's desk, who has 60 days to sign the bill into law. If he doesn't sign within 60 days, the bill automatically becomes law.

Separately, on May 26, Illinois passed [Senate Bill 712](#) (SB 712), which amends the state's Behavior Analyst Licensing Act (225 ILCS 6/20 et seq.) (the Act). Applied behavior analysis (ABA) businesses provide therapy designed to increase positive behaviors for individuals on the autism spectrum and others. The legislation makes several targeted changes to the Act affecting how ABA businesses are structured, who may make clinical decisions within those organizations, and which entities are exempt from certain ownership requirements. The bill is awaiting signature by the governor. Like HB 5000, if the governor does not sign the bill within 60 days, it will automatically become law.

IL HB 5000: Expanding healthcare transaction reporting

The Illinois General Assembly passed HB 5000 on May 28, amending the Illinois Health Care Facilities Planning Act and the Illinois Antitrust Act. The legislation significantly expands the scope of healthcare transactions subject to regulatory oversight and, consistent with a growing multistate trend, expressly targets private equity involvement in healthcare.

BROADENED DEFINITION OF "COVERED TRANSACTION"

Under existing Illinois law, healthcare entities must provide 30 days of advance notice to the Illinois Attorney General before closing a "covered transaction," defined as any merger, acquisition, or contracting affiliation "between" two or more healthcare facilities or provider organizations not previously under common ownership. HB 5000 replaces "between" with "involving," which significantly broadens the types of transactions that may trigger the reporting requirement. The bill further provides that a transaction is "covered transaction" even if the parties to the transaction are not themselves a healthcare facility or provider organization, so long as they own or control, directly or indirectly, one or more healthcare facilities or provider organizations that will be under common ownership or contracting affiliation if the transaction is consummated.

PRIVATE EQUITY DEFINITION

HB 5000 defines "private equity company" as any company or partnership that collects capital investments from individuals or entities and purchases, as a parent company, at any level of corporate ownership, or through another entity or entities, so that the company completely or partially owns or controls a direct or indirect ownership share of an Illinois healthcare entity or an out-of-state health care entity that generates \$10 million or more in annual revenue from patients residing in Illinois. Transactions involving such private equity companies are now expressly considered covered transactions subject to the 30-day notification requirement.

REMOVAL OF SUNSET DATE

HB 5000 repeals the January 1, 2027, inoperative date that was previously set when Illinois' healthcare transaction notice requirement went into effect to sunset both the 30-day notification requirement and related change of ownership provisions, effectively making the healthcare transaction reporting framework permanent.

IL SB 712: Corporate practice restrictions for applied behavior analysis

SB 712 restricts the corporate practice of ABA by clarifying and strengthening the requirement that only licensed clinicians may make clinical decisions regarding patient care within ABA business organizations. Specifically, any member, partner, shareholder, director, officer, holder of any other ownership interest, or agent of a business organization that provides behavior analysis services who makes clinical decisions regarding patient care without being licensed or exempt under the Act shall be deemed to have violated the provisions concerning unlicensed practice and will be subject to civil penalties of up to \$10,000 per offense. As a result, ABA businesses seeking to maintain non-clinician ownership will likely rely on a "friendly PC model" in which licensed professionals retain responsibility for clinical decision-making through a professional entity owned by licensed professionals while a separate management entity provides non-clinical administrative and business services to that entity.

Further, the legislation amends the Professional Service Corporation Act (805 ILCS 10/3.6) and the Professional Limited Liability Company Act (805 ILCS 185/13) to add the practice of applied behavior analysis by persons licensed under the Act to the list of personal services that constitute "related professionals" and "related professionals services." This change protects multidisciplinary practice models by allowing behavior analysts to form professional corporations and professional limited liability companies alongside other recognized professions, such as occupational therapists, physical therapists, and speech-language pathologists.

EXEMPTIONS FOR PUBLIC SCHOOLS AND NONPROFITS

SB 712 exempts public schools, school districts, charter schools, and nonprofit organizations qualified for exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code from the business structure ownership requirements imposed by the Act. These entities may employ, contract with, or otherwise engage a licensed behavioral analyst to perform services within his or her scope of practice, provided that the licensed behavioral analyst holds a currently valid license, regardless of whether each individual who owns, operates, or manages the entity holds a license under the Act.

Key Takeaways

The newly passed bills reflect Illinois' continued focus on strengthening healthcare regulatory oversight. They also join a [growing wave of state activity](#) targeting private equity participation in healthcare and reinforcing corporate practice restrictions. SB 712 reinforces the principle that clinical decision-making must remain in the hands of licensed professionals, while HB 5000 signals the state's intent to increase transparency around healthcare consolidation and private equity involvement.

Healthcare providers, investors, management services organizations, and other stakeholders operating in Illinois should:

- / Evaluate any pending and future healthcare transactions to determine whether they are "covered transactions" under HB 5000's expanded definitions, including transactions involving private equity companies.
- / Consider early compliance planning for upcoming transactions that require pre-closing notice and review.
- / Assess the ownership structures and governance arrangements for ABA business organizations to ensure compliance with SB 712's corporate practice restrictions.

Both SB 712 and HB 5000 await the governor's signature. Nixon Peabody will continue to monitor these developments and other proposed state laws that look to require notice or approval of healthcare transactions.

Nixon Peabody's Healthcare Group helps providers, investors, and ABA businesses navigate evolving state healthcare transaction, corporate practice, and regulatory requirements.

We can assess transaction notice obligations, review ownership and governance structures, and support compliance planning in Illinois and beyond.

For more information on the content of this alert, please contact your Nixon Peabody attorney or:

Valerie Breslin Montague

312.977.4485

vbmontague@nixonpeabody.com

Jéna M. Grady

212.940.3114

jgrady@nixonpeabody.com

Ethan Domsten

312.977.9250

edomsten@nixonpeabody.com

Meredith LaMaster

312.977.9257

mlamaster@nixonpeabody.com

Grace Connelly

312.977.9292

gconnelly@nixonpeabody.com



