

# Now & Next

## Healthcare Alert

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### **Illinois Antitrust Act amendments could impact healthcare transactions**

By April Schweitzer, Jennifer Greco, Michele Masucci, and Lindsay Vaughn <sup>1</sup>

Illinois Senate Bill 1998 (SB1998) would expand requirements for healthcare businesses that seek to enter into covered transactions involving private equity groups or hedge funds.



#### **What's the impact?**

- The bill provides updated definitions of “hedge fund” and “private equity group.”
- While the bill’s notice requirements are consistent with the current law, its consent requirements add additional oversight.

On February 6, 2025, [Illinois Senate Bill 1998](#) (SB1998) was introduced by Senator Graciela Guzmán, bringing potential changes to the Illinois Antitrust Act (the Antitrust Act). The bill expands requirements for healthcare facilities and provider organizations that seek to enter into mergers, acquisitions, or affiliations considered “covered transactions” under the Antitrust Act when these transactions involve private equity groups or hedge funds. Under the current law,

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<sup>1</sup> Lindsay Vaughn (Legal intern—Healthcare practice) assisted with the preparation of this article.

parties to a covered transaction are required to submit notice to the Illinois Attorney General (AG), but the AG's consent is not [required to proceed with the transaction](#). While the Antitrust Act currently does not cover private equity groups and hedge funds, SB1998 proposes to add a new layer of scrutiny to covered transactions that include financing from private equity groups or hedge funds (but does not apply to covered transactions without such financing) and require the AG to provide written consent before such a transaction can take effect.

## Key provisions of SB 1998

### NEW DEFINITIONS FOR HEDGE FUNDS AND PRIVATE EQUITY GROUPS

The bill specifically defines what is considered a hedge fund and private equity group under the law.

- / **Hedge fund:** A hedge fund is defined as a pool of funds managed for the purpose of earning a return, including, but not limited to, private limited partnerships. Hedge funds are excluded from this definition if they are merely passive investors who do not participate in the management or control of the fund.
- / **Private equity group:** A private equity group is defined as an investor or group of investors who raise or return capital with the intent to invest in, develop, or dispose of specified assets. Similar to hedge funds, passive investors who do not manage or control the group's assets are not included in this definition.

### NOTIFICATION AND CONSENT REQUIREMENTS

- / **Notice requirement:** Consistent with the current law, healthcare facility or provider organization parties to covered transactions involving private equity and hedge funds must notify the AG at least 30 days before the intended closing date of the transaction.
- / **Consent requirement:** Specifically for covered transactions wherein hedge funds or private equity groups provide financing, the parties must also secure written consent from the AG before proceeding with the transaction. This additional requirement will likely result in a delay to the closing of the transaction as the bill does not provide a time frame for the AG to provide its consent. While the consent requirement seemingly creates more oversight for such transactions, the bill offers no insight into the scope of the AG's review and factors considered in determining if consent will be provided.

## Next steps for healthcare entities

Healthcare facilities or provider organizations involved in mergers, acquisitions, or affiliations with private equity or hedge fund financing should keep SB1998 on their radar and be mindful of the potential impact state AG oversight will have on these transactions, including adding delays and additional costs and potentially requiring parties to provide additional information to the AG.

SB 1998 is in the initial stages of review and was referred to the Senate Assignments Committee but has not yet been referred to a substantive committee. Once referred, the bill must pass out of the Senate committee and full Senate chamber before making its way to the Illinois House for consideration. If the bill passes the House, it will be sent to the governor and must be signed within 30 days to become law. The bill may be amended throughout this process. Nixon Peabody will continue to monitor this bill and its impact on healthcare entities operating in Illinois.

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

**[April E. Schweitzer](#)**

312.977.4365

[aeschweitzer@nixonpeabody.com](mailto:aeschweitzer@nixonpeabody.com)

**[Jennifer Greco](#)**

516.832.7641

[jgreco@nixonpeabody.com](mailto:jgreco@nixonpeabody.com)

**[Michele A. Masucci](#)**

516.832.7573

[mmasucci@nixonpeabody.com](mailto:mmasucci@nixonpeabody.com)