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## Client Alert: Buying and Selling Florida Health Care Entities

Health care transactions are complicated and fraught with potential pitfalls; conducting these transactions in Florida presents its own unique challenges. This article addresses only health care law issues and is not intended to cover all potential issues or provide legal advice. Each transaction requires its own analysis.

### Licensing and Ownership Restrictions

Certain practice specialties cannot be owned by a person who does not hold the relevant Florida license. For example, a person who is not a Florida-licensed optometrist generally cannot own a Florida optometry practice.

Moreover, any health care entity that provides health care goods or services and bills third-party payors must either be licensed as a Health Care Clinic under Florida Statutes Chapter 400, Part X or qualify for one of the statutory exemptions. Florida law broadly defines a “clinic” as “an entity where health care services are provided to individuals and which tenders charges for reimbursement for such services, including a mobile clinic and a portable equipment provider.” The statute provides numerous exemptions (lettered a–q) and includes several requirements, such as the engagement of a medical director. Failure to abide by the required standards can result in fines and criminal penalties. Furthermore, the statute provides that “a charge or reimbursement claim made by or on behalf of a clinic that is required to be licensed under this part but that is not so licensed, or that is otherwise operating in violation of this part, regardless of whether a service is rendered or whether the charge or reimbursement claim is paid, is an unlawful charge and is noncompensable and unenforceable.” Consequently, any charges collected in these situations are generally considered void.

### Referral and Compensation Limitations

Florida practitioners must also be aware that Florida Statutes Chapter 456 places limits on the compensation and referrals they can make and receive from entities in which they have an ownership interest. For example, Section 456.052 requires health care providers to disclose certain investment interests to patients when referring them to an entity in which the provider has a particular financial stake.

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Additionally, Florida Statutes Section 456.053 sets conditions on the ability of a licensed health care provider to refer patients to certain entities in which the practitioner is an investor. Florida Statutes Section 456.054 further limits the remuneration that practitioners can receive from entities to which they make referrals. These limitations may directly impact the financial arrangements that practitioners can enter into or participate in. Violating these laws and other related laws can have significant negative career implications, generate civil or criminal penalties, and jeopardize any investment.

### **Reporting and Approval Requirements**

Finally, selling or buying an ownership interest in a Florida health care entity may trigger reporting or approval requirements. For example, for Medicaid providers, the sale of over 50 percent of the entity's ownership will trigger a requirement that the entity obtain approval from the Medicaid program before completing the sale. Failing to complete this process may negate the entity's Medicaid provider status for billing purposes and can lead to penalties.

Many third-party payors also now require either a report or approval when ownership changes exceed certain thresholds. Some of the contract requirements mandate notice of the change, while others involve acquiring approval from the third-party payor. Failure to comply may lead to contract termination or denial of claims.

### **Conclusion**

In the complex world of health care regulation, it is imperative that practitioners and investors in Florida obtain counsel from an experienced Florida health care attorney. Buyers and sellers seek these opportunities as pathways to a notable return on investment. However, investing or selling without proper counsel can turn an opportunity into a liability.

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