



General Assembly

Amendment

February Session, 2014

LCO No. 5259

SB0003505259SD0

Offered by:

SEN. LOONEY, 11th Dist.
SEN. GERRATANA, 6th Dist.
SEN. FASANO, 34th Dist.

To: Subst. Senate Bill No. 35

File No. 419

Cal. No. 286

"AN ACT CONCERNING NOTICE OF ACQUISITIONS, JOINT VENTURES AND AFFILIATIONS OF GROUP MEDICAL PRACTICES."

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. Section 33-182aa of the general statutes is repealed and the
4 following is substituted in lieu thereof (*Effective from passage*):

5 As used in this chapter:

6 (1) "Affiliate" means any person that directly or indirectly through
7 one or more intermediaries, controls or is controlled by or is under
8 common control with another person. A person is deemed controlled
9 by another person if the other person, or one of that other person's
10 affiliates, officers, agents or management employees, acts as a general
11 partner or manager of the person in question.

12 (2) "Certificate of incorporation" means a certificate of incorporation,
13 as defined in section 33-1002, or any predecessor statute thereto;

14 [(2)] (3) "Hospital" means a nonstock corporation organized under
15 chapter 602, or any predecessor statute thereto, or by special act and
16 licensed as a hospital pursuant to chapter 368v;

17 [(3)] (4) "Health system" means a nonstock corporation organized
18 under chapter 602, or any predecessor statute thereto, consisting of a
19 parent corporation of one or more hospitals licensed pursuant to
20 chapter 368v, and affiliated through governance, membership or some
21 other means;

22 [(4)] (5) "Medical school" means a school of allopathic medicine
23 leading to the M.D. degree, accredited by the Liaison Committee on
24 Medical Education, and affiliated through governance with or part of a
25 university that is either incorporated in this state or established
26 pursuant to any provision of the general statutes and accredited by the
27 New England Association of Schools and Colleges Commission on
28 Institutions of Higher Education; and

29 [(5)] (6) "Provider" means a physician licensed under chapter 370, [,
30 a chiropractor licensed under chapter 372, an optometrist licensed
31 under chapter 380 or a podiatrist licensed under chapter 375.]

32 Sec. 502. Subsection (a) of section 33-182bb of the general statutes is
33 repealed and the following is substituted in lieu thereof (*Effective from*
34 *passage*):

35 (a) (1) Any hospital, health system or medical school may organize
36 and become a member of a medical foundation under the provisions of
37 chapter 602 for the purpose of practicing medicine and providing
38 health care services as a medical foundation through employees or
39 agents of such medical foundation who are [licensed pursuant to
40 section 20-9 and through other] providers. Employees of a medical
41 foundation organized by a nonprofit hospital, nonprofit health system
42 or nonprofit medical school shall be employed, directly or indirectly,

43 only by nonprofit entities. Such medical foundation shall be governed
44 by a board of directors, [which shall consist of an equal or greater
45 number of providers than nonprovider employees of the members, in
46 addition to such other directors as may be elected by the members] a
47 majority of which shall be employee providers. The authority to
48 appoint or elect board members shall not be granted to any person or
49 entity that is not a member of the medical foundation.

50 (2) Notwithstanding the provisions of this subsection: (A) A for-
51 profit entity, or any entity related to or affiliated with a for-profit
52 entity, shall not be a member or be represented on the board of
53 directors of a medical foundation organized by a nonprofit hospital,
54 nonprofit health system or nonprofit medical school; (B) to the extent
55 that a for-profit entity is otherwise authorized to organize a medical
56 foundation, a nonprofit hospital, nonprofit health system, nonprofit
57 medical school or an entity related to, or affiliated with, a nonprofit
58 hospital, nonprofit health system or nonprofit medical school shall not
59 be a member or be represented on the board of directors of a medical
60 foundation organized by a for-profit entity; and (C) no person shall
61 serve on the board of directors of a medical foundation organized by a
62 for-profit entity and, at the same time, serve on the board of directors
63 of a medical foundation organized by a nonprofit hospital, nonprofit
64 health system or nonprofit medical school.

65 Sec. 503. Section 33-182dd of the general statutes is repealed and the
66 following is substituted in lieu thereof (*Effective from passage*):

67 (a) No medical foundation organized under this chapter shall
68 engage in any business other than the rendering of health care services
69 for which it was specifically incorporated, except that nothing in this
70 chapter or in any other provision of law applicable to corporations
71 shall be interpreted to prohibit such medical foundation from
72 investing its funds in real estate, mortgages, stocks, bonds or any other
73 type of investments, or from owning real or personal property incident
74 to the rendering of professional services.

75 (b) No medical foundation organized by a nonprofit hospital,
 76 nonprofit health system or nonprofit medical school may be affiliated
 77 with, partners with, a party to a joint venture with, or otherwise enter
 78 into a business relationship with (1) a medical foundation organized
 79 by a for-profit entity, (2) a for-profit health system, (3) a for-profit
 80 hospital, or (4) any entity that owns, controls or is affiliated with such a
 81 for-profit entity."

This act shall take effect as follows and shall amend the following sections:		
Sec. 501	<i>from passage</i>	33-182aa
Sec. 502	<i>from passage</i>	33-182bb(a)
Sec. 503	<i>from passage</i>	33-182dd