



General Assembly

**Amendment**

February Session, 2014

LCO No. 5683

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Offered by:

SEN. LOONEY, 11<sup>th</sup> Dist.

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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 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective October 1, 2014*) (a) As used in this  
4 section:

5 (1) "Affiliation" means the formation of a relationship between two  
6 or more entities that permits the entities to negotiate jointly with third  
7 parties over rates for professional medical services;

8 (2) "Captive professional entity" means a professional corporation,  
9 limited liability company or other entity formed to render professional  
10 services in which a beneficial owner is a physician employed by or  
11 otherwise designated by a hospital or hospital system;

12 (3) "Hospital" has the same meaning as provided in section 19a-490  
13 of the general statutes;

14 (4) "Hospital system" means: (A) A parent corporation of one or  
15 more hospitals and any entity affiliated with such parent corporation  
16 through ownership, governance or membership, or (B) a hospital and  
17 any entity affiliated with such hospital through ownership,  
18 governance or membership;

19 (5) "Health care provider" has the same meaning as provided in  
20 section 19a-17b of the general statutes;

21 (6) "Medical foundation" means a medical foundation formed under  
22 chapter 594b of the general statutes;

23 (7) "Physician" has the same meaning as provided in section 20-13a  
24 of the general statutes;

25 (8) "Person" has the same meaning as provided in section 35-25 of  
26 the general statutes;

27 (9) "Professional corporation" has the same meaning as provided in  
28 section 33-182a of the general statutes;

29 (10) "Group practice" means two or more physicians, legally  
30 organized in a partnership, professional corporation, limited liability  
31 company formed to render professional services, medical foundation,  
32 not-for-profit corporation, faculty practice plan or other similar entity  
33 (A) in which each physician who is a member of the group provides  
34 substantially the full range of services that the physician routinely  
35 provides, including, but not limited to, medical care, consultation,  
36 diagnosis or treatment, through the joint use of shared office space,  
37 facilities, equipment or personnel; (B) for which substantially all of the  
38 services of the physicians who are members of the group are provided  
39 through the group and are billed in the name of the group practice and  
40 amounts so received are treated as receipts of the group; or (C) in  
41 which the overhead expenses of, and the income from, the group are  
42 distributed in accordance with methods previously determined by  
43 members of the group. An entity that otherwise meets the definition of  
44 group practice under this section shall be considered a group practice

45 although its shareholders, partners or owners of the group practice  
46 include single-physician professional corporations, limited liability  
47 companies formed to render professional services or other entities in  
48 which beneficial owners are individual physicians; and

49 (11) "Primary service area" means the smallest number of zip codes  
50 from which the group practice draws at least seventy-five per cent of  
51 its patients.

52 (b) At the same time that any person conducting business in this  
53 state that files merger, acquisition or any other information regarding  
54 market concentration with the Federal Trade Commission or the  
55 United States Department of Justice, in compliance with the Hart-  
56 Scott-Rodino Antitrust Improvements Act, 15 USC 18a, where a  
57 hospital, hospital system or other health care provider is a party to the  
58 merger or acquisition that is the subject of such information, such  
59 person shall provide written notification to the Attorney General of  
60 such filing and, upon the request of the Attorney General, provide a  
61 copy of such merger, acquisition or other information.

62 (c) Not less than ninety days prior to the effective date of any  
63 transaction that results in a material change to the business or  
64 corporate structure of a group practice, the parties to the transaction  
65 shall submit written notice to the Attorney General of such material  
66 change. For purposes of this subsection, a material change to the  
67 business or corporate structure of a group practice includes: (1) The  
68 merger, consolidation or other affiliation of a group practice with (A)  
69 another group practice that results in a group practice comprised of  
70 eight or more physicians, or (B) a hospital, hospital system, captive  
71 professional entity, medical foundation or other entity organized or  
72 controlled by such hospital or hospital system; (2) the acquisition of all  
73 or substantially all of (A) the properties and assets of a group practice,  
74 or (B) the capital stock, membership interests or other equity interests  
75 of a group practice by (i) another group practice that results in a group  
76 practice comprised of eight or more physicians, or (ii) a hospital,  
77 hospital system, captive professional entity, medical foundation or

78 other entity organized or controlled by such hospital or hospital  
79 system; (3) the employment of all or substantially all of the physicians  
80 of a group practice by (A) another group practice that results in a  
81 group practice comprised of eight or more physicians, or (B) a hospital,  
82 hospital system, captive professional entity, medical foundation or  
83 other entity organized by, controlled by or otherwise affiliated with  
84 such hospital or hospital system; and (4) the acquisition of one or more  
85 insolvent group practices by (A) another group practice that results in  
86 a group practice comprised of eight or more physicians, or (B) a  
87 hospital, hospital system, captive professional entity, medical  
88 foundation or other entity organized by, controlled by or otherwise  
89 affiliated with such hospital or hospital system.

90 (d) The written notice required under subsection (c) of this section  
91 shall identify each party to the transaction and describe the material  
92 change as of the date of such notice to the business or corporate  
93 structure of the group practice, including: (1) A description of the  
94 nature of the proposed relationship among the parties to the proposed  
95 transaction; (2) the names and specialties of each physician that is a  
96 member of the group practice that is the subject of the proposed  
97 transaction and who will practice medicine with the resulting group  
98 practice, hospital, hospital system, captive professional entity, medical  
99 foundation or other entity organized by, controlled by, or otherwise  
100 affiliated with such hospital or hospital system following the effective  
101 date of the transaction; (3) the names of the business entities that are to  
102 provide services following the effective date of the transaction; (4) the  
103 address for each location where such services are to be provided; (5) a  
104 description of the services to be provided at each such location; and (6)  
105 the primary service area to be served by each such location.

106 (e) Written information submitted to the Attorney General pursuant  
107 to subsections (b) to (d), inclusive, of this section shall be maintained  
108 and used by the Attorney General in the same manner as provided in  
109 section 35-42 of the general statutes.

110 (f) Not later than December 31, 2014, and annually thereafter, each

111 hospital and hospital system shall file with the Attorney General and  
112 the Commissioner of Public Health a written report describing the  
113 activities of the group practices owned or affiliated with such hospital  
114 or hospital system. Such report shall include, for each such group  
115 practice: (1) A description of the nature of the relationship between the  
116 hospital or hospital system and the group practice; (2) the names and  
117 specialties of each physician practicing medicine with the group  
118 practice; (3) the names of the business entities that provide services as  
119 part of the group practice and the address for each location where such  
120 services are provided; (4) a description of the services provided at each  
121 such location; and (5) the primary service area served by each such  
122 location.

123 (g) Not later than December 31, 2014, and annually thereafter, each  
124 group practice comprised of thirty or more physicians that is not the  
125 subject of a report filed under subsection (f) of this section shall file  
126 with the Attorney General and the Commissioner of Public Health a  
127 written report concerning the group practice. Such report shall include,  
128 for each such group practice: (1) The names and specialties of each  
129 physician practicing medicine with the group practice; (2) the names of  
130 the business entities that provide services as part of the group practice  
131 and the address for each location where such services are provided; (3)  
132 a description of the services provided at each such location; and (4) the  
133 primary service area served by each such location.

134 Sec. 2. Section 33-182aa of the general statutes is repealed and the  
135 following is substituted in lieu thereof (*Effective from passage*):

136 As used in this chapter:

137 (1) "Affiliate" means any person that directly or indirectly through  
138 one or more intermediaries, controls or is controlled by or is under  
139 common control with another person. A person is deemed controlled  
140 by another person if the other person, or one of that other person's  
141 affiliates, officers, agents or management employees, acts as a general  
142 partner or manager of the person in question;

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

145       [(2)] (3) "Hospital" means [a nonstock corporation organized under  
146 chapter 602, or any predecessor statute thereto, or by special act and  
147 licensed as] a hospital licensed pursuant to chapter 368v;

148       [(3)] (4) "Health system" means [a nonstock corporation organized  
149 under chapter 602, or any predecessor statute thereto,] a business  
150 entity consisting of a parent corporation of one or more hospitals  
151 licensed pursuant to chapter 368v, and affiliated through governance,  
152 membership or some other means;

153       [(4)] (5) "Medical school" means a school of allopathic medicine  
154 leading to the M.D. degree, accredited by the Liaison Committee on  
155 Medical Education, and affiliated through governance with or part of a  
156 university that is either incorporated in this state or established  
157 pursuant to any provision of the general statutes and accredited by the  
158 New England Association of Schools and Colleges Commission on  
159 Institutions of Higher Education; and

160       [(5)] (6) "Provider" means a physician licensed under chapter 370, a  
161 chiropractor licensed under chapter 372, an optometrist licensed under  
162 chapter 380 or a podiatrist licensed under chapter 375.

163       Sec. 3. Section 33-182bb of the general statutes is repealed and the  
164 following is substituted in lieu thereof (*Effective from passage*):

165       (a) (1) Any hospital, health system or medical school may organize  
166 and become a member of a medical foundation under the provisions of  
167 chapter 602 for the purpose of practicing medicine and providing  
168 health care services as a medical foundation through employees or  
169 agents of such medical foundation who are [licensed pursuant to  
170 section 20-9 and through other] providers. Such medical foundation  
171 shall be governed by a board of directors, which shall consist of an  
172 equal or greater number of providers than nonprovider employees of  
173 the members, in addition to such other directors as may be elected by

174 the members. The authority to appoint or elect board members shall  
175 not be granted to any person or entity that is not a member of the  
176 medical foundation.

177 (2) Notwithstanding the provisions of this subsection, (A) no  
178 employee or representative of a for-profit hospital, for-profit health  
179 system, for-profit medical school or any entity that owns or controls a  
180 for-profit hospital, for-profit health system or for-profit medical school  
181 may serve on the board of directors of a medical foundation organized  
182 by a nonprofit hospital, nonprofit health system or nonprofit medical  
183 school; (B) no employee or representative of a nonprofit hospital,  
184 nonprofit health system, nonprofit medical school or any entity that  
185 owns or controls a nonprofit hospital, nonprofit health system or  
186 nonprofit medical school may serve on the board of directors of a  
187 medical foundation organized by a for-profit hospital, for-profit health  
188 system or for-profit medical school; and (C) no person shall serve on  
189 the board of directors of a medical foundation organized by a for-profit  
190 hospital, for-profit health system or for-profit medical school and, at  
191 the same time, serve on the board of directors of a medical foundation  
192 organized by a nonprofit hospital, nonprofit health system or  
193 nonprofit medical school.

194 (b) Any medical foundation organized on or after July 1, 2009, shall  
195 file a copy of its certificate of incorporation and any amendments to its  
196 certificate of incorporation with the Office of Health Care Access  
197 division of the Department of Public Health not later than ten business  
198 days after the medical foundation files such certificate of incorporation  
199 or amendment with the Secretary of the State pursuant to chapter 602.

200 (c) Any medical group clinic corporation formed under chapter 594  
201 of the general statutes, revision of 1958, revised to 1995, which amends  
202 its certificate of incorporation pursuant to subsection (a) of section 33-  
203 182cc, shall file with the Office of Health Care Access division of the  
204 Department of Public Health a copy of its certificate of incorporation  
205 and any amendments to its certificate of incorporation, including any  
206 amendment to its certificate of incorporation that complies with the

207 requirements of subsection (a) of section 33-182cc, not later than ten  
208 business days after the medical foundation files its certificate of  
209 incorporation or any amendments to its certificate of incorporation  
210 with the Secretary of the State.

211 (d) Any medical foundation, regardless of when organized, shall file  
212 notice with the Office of Health Care Access division of the  
213 Department of Public Health and the Secretary of the State of its  
214 liquidation, termination, dissolution or cessation of operations not later  
215 than ten business days after a vote by its board of directors or  
216 members to take such action. [Not later than ten business days after  
217 receiving a written request from the office, a] A medical foundation  
218 shall, annually, provide the office with a statement of its mission, [and]  
219 a description of the services it provides, [and] a description of any  
220 significant change in its services during the preceding year and other  
221 financial information as reported on the medical foundation's most  
222 recently filed Internal Revenue Service return of organization exempt  
223 from income tax form, or any replacement form adopted by the  
224 Internal Revenue Service, or, if such medical foundation is not  
225 required to file such form, information substantially similar to that  
226 required by such form. The Office of Health Care Access shall make  
227 such forms and information available to members of the public and  
228 accessible on said office's Internet web site.

229 (e) A medical foundation shall not operate for profit and may  
230 operate at such locations as are designated by its members.

231 (f) A hospital, health system or medical school may organize and be  
232 a member of no more than one medical foundation.

233 Sec. 4. (NEW) (*Effective October 1, 2014*) Upon admitting a patient to  
234 a hospital, hospital personnel shall promptly ask the patient whether  
235 the patient desires for his or her physician to be notified of the hospital  
236 admission. If the patient so desires, hospital personnel shall make  
237 reasonable efforts to notify the physician designated by the patient of  
238 the patient's hospital admission as soon as practicable, but not later



239 than twenty-four hours after the patient's request. For purposes of this  
240 section, "hospital" shall have the same meaning as provided in section  
241 19a-490 of the general statutes; and "physician" means a person  
242 licensed under the provisions of chapter 370 of the general statutes.

243 Sec. 5. Section 19a-630 of the general statutes is repealed and the  
244 following is substituted in lieu thereof (*Effective July 1, 2014*):

245 As used in this chapter, unless the context otherwise requires:

246 (1) "Affiliate" means a person, entity or organization controlling,  
247 controlled by or under common control with another person, entity or  
248 organization. Affiliate does not include a medical foundation  
249 organized under chapter 594b.

250 (2) "Applicant" means any person or health care facility that applies  
251 for a certificate of need pursuant to section 19a-639a, as amended by  
252 this act.

253 (3) "Bed capacity" means the total number of inpatient beds in a  
254 facility licensed by the Department of Public Health under sections  
255 19a-490 to 19a-503, inclusive.

256 (4) "Capital expenditure" means an expenditure that under  
257 generally accepted accounting principles consistently applied is not  
258 properly chargeable as an expense of operation or maintenance and  
259 includes acquisition by purchase, transfer, lease or comparable  
260 arrangement, or through donation, if the expenditure would have been  
261 considered a capital expenditure had the acquisition been by purchase.

262 (5) "Certificate of need" means a certificate issued by the office.

263 (6) "Days" means calendar days.

264 (7) "Deputy commissioner" means the deputy commissioner of  
265 Public Health who oversees the Office of Health Care Access division  
266 of the Department of Public Health.

267 (8) "Commissioner" means the Commissioner of Public Health.

268 (9) "Free clinic" means a private, nonprofit community-based  
269 organization that provides medical, dental, pharmaceutical or mental  
270 health services at reduced cost or no cost to low-income, uninsured  
271 and underinsured individuals.

272 (10) "Group practice" means eight or more full-time equivalent  
273 physicians, legally organized in a partnership, professional  
274 corporation, limited liability company formed to render professional  
275 services, medical foundation, not-for-profit corporation, faculty  
276 practice plan or other similar entity (A) in which each physician who is  
277 a member of the group provides substantially the full range of services  
278 that the physician routinely provides, including, but not limited to,  
279 medical care, consultation, diagnosis or treatment, through the joint  
280 use of shared office space, facilities, equipment or personnel; (B) for  
281 which substantially all of the services of the physicians who are  
282 members of the group are provided through the group and are billed  
283 in the name of the group practice and amounts so received are treated  
284 as receipts of the group; or (C) in which the overhead expenses of, and  
285 the income from, the group are distributed in accordance with  
286 methods previously determined by members of the group. An entity  
287 that otherwise meets the definition of group practice under this section  
288 shall be considered a group practice although its shareholders,  
289 partners or owners of the group practice include single-physician  
290 professional corporations, limited liability companies formed to render  
291 professional services or other entities in which beneficial owners are  
292 individual physicians.

293 [(10)] (11) "Health care facility" means (A) hospitals licensed by the  
294 Department of Public Health under chapter 368v; (B) specialty  
295 hospitals; (C) freestanding emergency departments; (D) outpatient  
296 surgical facilities, as defined in section 19a-493b and licensed under  
297 chapter 368v; (E) a hospital or other facility or institution operated by  
298 the state that provides services that are eligible for reimbursement  
299 under Title XVIII or XIX of the federal Social Security Act, 42 USC 301,

300 as amended; (F) a central service facility; (G) mental health facilities;  
301 (H) substance abuse treatment facilities; and (I) any other facility  
302 requiring certificate of need review pursuant to subsection (a) of  
303 section 19a-638, as amended by this act. "Health care facility" includes  
304 any parent company, subsidiary, affiliate or joint venture, or any  
305 combination thereof, of any such facility.

306 [(11)] (12) "Nonhospital based" means located at a site other than the  
307 main campus of the hospital.

308 [(12)] (13) "Office" means the Office of Health Care Access division  
309 within the Department of Public Health.

310 [(13)] (14) "Person" means any individual, partnership, corporation,  
311 limited liability company, association, governmental subdivision,  
312 agency or public or private organization of any character, but does not  
313 include the agency conducting the proceeding.

314 (15) "Physician" has the same meaning as provided in section 20-  
315 13a.

316 [(14)] (16) "Transfer of ownership" means a transfer that impacts or  
317 changes the governance or controlling body of a health care facility,  
318 [or] institution or group practice, including, but not limited to, all  
319 affiliations, mergers or any sale or transfer of net assets of a health care  
320 facility.

321 Sec. 6. Section 19a-638 of the 2014 supplement to the general statutes  
322 is repealed and the following is substituted in lieu thereof (*Effective July*  
323 *1, 2014*):

324 (a) A certificate of need issued by the office shall be required for:

325 (1) The establishment of a new health care facility;

326 (2) A transfer of ownership of a health care facility;

327 (3) A transfer of ownership of a group practice to any entity other

328 than a physician or group of physicians, except when the parties have  
329 signed a sale agreement to transfer such ownership on or before  
330 September 1, 2014;

331        ~~[(3)]~~ (4) The establishment of a freestanding emergency department;

332        ~~[(4)]~~ (5) The termination of inpatient or outpatient services offered  
333 by a hospital, including, but not limited to, the termination by a short-  
334 term acute care general hospital or children's hospital of inpatient and  
335 outpatient mental health and substance abuse services;

336        ~~[(5)]~~ (6) The establishment of an outpatient surgical facility, as  
337 defined in section 19a-493b, or as established by a short-term acute  
338 care general hospital;

339        ~~[(6)]~~ (7) The termination of surgical services by an outpatient  
340 surgical facility, as defined in section 19a-493b, or a facility that  
341 provides outpatient surgical services as part of the outpatient surgery  
342 department of a short-term acute care general hospital, provided  
343 termination of outpatient surgical services due to (A) insufficient  
344 patient volume, or (B) the termination of any subspecialty surgical  
345 service, shall not require certificate of need approval;

346        ~~[(7)]~~ (8) The termination of an emergency department by a short-  
347 term acute care general hospital;

348        ~~[(8)]~~ (9) The establishment of cardiac services, including inpatient  
349 and outpatient cardiac catheterization, interventional cardiology and  
350 cardiovascular surgery;

351        ~~[(9)]~~ (10) The acquisition of computed tomography scanners,  
352 magnetic resonance imaging scanners, positron emission tomography  
353 scanners or positron emission tomography-computed tomography  
354 scanners, by any person, physician, provider, short-term acute care  
355 general hospital or children's hospital, except as provided for in  
356 subdivision (22) of subsection (b) of this section;

- 357        ~~[(10)]~~ (11) The acquisition of nonhospital based linear accelerators;
- 358        ~~[(11)]~~ (12) An increase in the licensed bed capacity of a health care  
359 facility;
- 360        ~~[(12)]~~ (13) The acquisition of equipment utilizing technology that  
361 has not previously been utilized in the state;
- 362        ~~[(13)]~~ (14) An increase of two or more operating rooms within any  
363 three-year period, commencing on and after October 1, 2010, by an  
364 outpatient surgical facility, as defined in section 19a-493b, or by a  
365 short-term acute care general hospital; and
- 366        ~~[(14)]~~ (15) The termination of inpatient or outpatient services offered  
367 by a hospital or other facility or institution operated by the state that  
368 provides services that are eligible for reimbursement under Title XVIII  
369 or XIX of the federal Social Security Act, 42 USC 301, as amended.
- 370        (b) A certificate of need shall not be required for:
- 371        (1) Health care facilities owned and operated by the federal  
372 government;
- 373        (2) The establishment of offices by a licensed private practitioner,  
374 whether for individual or group practice, except when a certificate of  
375 need is required in accordance with the requirements of section 19a-  
376 493b or subdivision ~~[(9) or (10)]~~ (3), (10) or (11) of subsection (a) of this  
377 section;
- 378        (3) A health care facility operated by a religious group that  
379 exclusively relies upon spiritual means through prayer for healing;
- 380        (4) Residential care homes, nursing homes and rest homes, as  
381 defined in subsection (c) of section 19a-490;
- 382        (5) An assisted living services agency, as defined in section 19a-490;
- 383        (6) Home health agencies, as defined in section 19a-490;

- 384 (7) Hospice services, as described in section 19a-122b;
- 385 (8) Outpatient rehabilitation facilities;
- 386 (9) Outpatient chronic dialysis services;
- 387 (10) Transplant services;
- 388 (11) Free clinics, as defined in section 19a-630, as amended by this  
389 act;
- 390 (12) School-based health centers, community health centers, as  
391 defined in section 19a-490a, not-for-profit outpatient clinics licensed in  
392 accordance with the provisions of chapter 368v and federally qualified  
393 health centers;
- 394 (13) A program licensed or funded by the Department of Children  
395 and Families, provided such program is not a psychiatric residential  
396 treatment facility;
- 397 (14) Any nonprofit facility, institution or provider that has a contract  
398 with, or is certified or licensed to provide a service for, a state agency  
399 or department for a service that would otherwise require a certificate  
400 of need. The provisions of this subdivision shall not apply to a short-  
401 term acute care general hospital or children's hospital, or a hospital or  
402 other facility or institution operated by the state that provides services  
403 that are eligible for reimbursement under Title XVIII or XIX of the  
404 federal Social Security Act, 42 USC 301, as amended;
- 405 (15) A health care facility operated by a nonprofit educational  
406 institution exclusively for students, faculty and staff of such institution  
407 and their dependents;
- 408 (16) An outpatient clinic or program operated exclusively by or  
409 contracted to be operated exclusively by a municipality, municipal  
410 agency, municipal board of education or a health district, as described  
411 in section 19a-241;

412 (17) A residential facility for persons with intellectual disability  
413 licensed pursuant to section 17a-227 and certified to participate in the  
414 Title XIX Medicaid program as an intermediate care facility for  
415 individuals with intellectual disabilities;

416 (18) Replacement of existing imaging equipment if such equipment  
417 was acquired through certificate of need approval or a certificate of  
418 need determination, provided a health care facility, provider,  
419 physician or person notifies the office of the date on which the  
420 equipment is replaced and the disposition of the replaced equipment;

421 (19) Acquisition of cone-beam dental imaging equipment that is to  
422 be used exclusively by a dentist licensed pursuant to chapter 379;

423 (20) The partial or total elimination of services provided by an  
424 outpatient surgical facility, as defined in section 19a-493b, except as  
425 provided in subdivision (6) of subsection (a) of this section and section  
426 19a-639e;

427 (21) The termination of services for which the Department of Public  
428 Health has requested the facility to relinquish its license; or

429 (22) Acquisition of any equipment by any person that is to be used  
430 exclusively for scientific research that is not conducted on humans.

431 (c) (1) Any person, health care facility or institution that is unsure  
432 whether a certificate of need is required under this section, or (2) any  
433 health care facility that proposes to relocate pursuant to section 19a-  
434 639c shall send a letter to the office that describes the project and  
435 requests that the office make a determination as to whether a certificate  
436 of need is required. In the case of a relocation of a health care facility,  
437 the letter shall include information described in section 19a-639c. A  
438 person, health care facility or institution making such request shall  
439 provide the office with any information the office requests as part of its  
440 determination process.

441 (d) The Commissioner of Public Health may implement policies and

442 procedures necessary to administer the provisions of this section while  
443 in the process of adopting such policies and procedures as regulation,  
444 provided the commissioner holds a public hearing prior to  
445 implementing the policies and procedures and prints notice of intent to  
446 adopt regulations in the Connecticut Law Journal not later than twenty  
447 days after the date of implementation. Policies and procedures  
448 implemented pursuant to this section shall be valid until the time final  
449 regulations are adopted. Final regulations shall be adopted by  
450 December 31, 2011.

451 Sec. 7. Section 19a-639 of the 2014 supplement to the general statutes  
452 is repealed and the following is substituted in lieu thereof (*Effective July*  
453 *1, 2014*):

454 (a) In any deliberations involving a certificate of need application  
455 filed pursuant to section 19a-638, as amended by this act, the office  
456 shall take into consideration and make written findings concerning  
457 each of the following guidelines and principles:

458 (1) Whether the proposed project is consistent with any applicable  
459 policies and standards adopted in regulations by the Department of  
460 Public Health;

461 (2) The relationship of the proposed project to the state-wide health  
462 care facilities and services plan;

463 (3) Whether there is a clear public need for the health care facility or  
464 services proposed by the applicant;

465 (4) Whether the applicant has satisfactorily demonstrated how the  
466 proposal will impact the financial strength of the health care system in  
467 the state or that the proposal is financially feasible for the applicant;

468 (5) Whether the applicant has satisfactorily demonstrated how the  
469 proposal will improve quality, accessibility and cost effectiveness of  
470 health care delivery in the region, including, but not limited to, (A)  
471 provision of or any change in the access to services for Medicaid



472 recipients and indigent persons, and (B) the impact upon the cost  
473 effectiveness of providing access to services provided under the  
474 Medicaid program;

475 (6) The applicant's past and proposed provision of health care  
476 services to relevant patient populations and payer mix, including, but  
477 not limited to, access to services by Medicaid recipients and indigent  
478 persons;

479 (7) Whether the applicant has satisfactorily identified the population  
480 to be served by the proposed project and satisfactorily demonstrated  
481 that the identified population has a need for the proposed services;

482 (8) The utilization of existing health care facilities and health care  
483 services in the service area of the applicant;

484 (9) Whether the applicant has satisfactorily demonstrated that the  
485 proposed project shall not result in an unnecessary duplication of  
486 existing or approved health care services or facilities; [and]

487 (10) Whether an applicant, who has failed to provide or reduced  
488 access to services by Medicaid recipients or indigent persons, has  
489 demonstrated good cause for doing so, which shall not be  
490 demonstrated solely on the basis of differences in reimbursement rates  
491 between Medicaid and other health care payers; [.]

492 (11) Whether the applicant has satisfactorily demonstrated that the  
493 proposal will not negatively impact the diversity of health care  
494 providers and patient choice in the geographic region; and

495 (12) Whether the applicant has satisfactorily demonstrated that any  
496 consolidation resulting from the proposal will not adversely affect  
497 health care costs or accessibility to care.

498 (b) In deliberations as described in subsection (a) of this section,  
499 there shall be a presumption in favor of approving the certificate of  
500 need application for a transfer of ownership of a group practice, as

501 described in subdivision (3) of subsection (a) of section 19a-638, as  
502 amended by this act, when an offer was made in response to a request  
503 for proposal or similar voluntary offer for sale.

504 [(b)] (c) The office, as it deems necessary, may revise or supplement  
505 the guidelines and principles through regulation prescribed in  
506 subsection (a) of this section.

507 Sec. 8. Section 19a-639a of the general statutes is repealed and the  
508 following is substituted in lieu thereof (*Effective July 1, 2014*):

509 (a) An application for a certificate of need shall be filed with the  
510 office in accordance with the provisions of this section and any  
511 regulations adopted by the Department of Public Health. The  
512 application shall address the guidelines and principles set forth in (1)  
513 subsection (a) of section 19a-639, as amended by this act, and (2)  
514 regulations adopted by the department. The applicant shall include  
515 with the application a nonrefundable application fee of five hundred  
516 dollars.

517 (b) Prior to the filing of a certificate of need application, the  
518 applicant shall publish notice that an application is to be submitted to  
519 the office in a newspaper having a substantial circulation in the area  
520 where the project is to be located. Such notice shall (1) be published (A)  
521 not later than twenty days prior to the date of filing of the certificate of  
522 need application, and (B) for not less than three consecutive days, and  
523 (2) contain a brief description of the nature of the project and the street  
524 address where the project is to be located. An applicant shall file the  
525 certificate of need application with the office not later than ninety days  
526 after publishing notice of the application in accordance with the  
527 provisions of this subsection. The office shall not accept the applicant's  
528 certificate of need application for filing unless the application is  
529 accompanied by the application fee prescribed in subsection (a) of this  
530 section and proof of compliance with the publication requirements  
531 prescribed in this subsection.

532 (c) Not later than five business days after receipt of a properly filed  
533 certificate of need application, the office shall publish notice of the  
534 application on its web site. Not later than thirty days after the date of  
535 filing of the application, the office may request such additional  
536 information as the office determines necessary to complete the  
537 application. The applicant shall, not later than sixty days after the date  
538 of the office's request, submit the requested information to the office. If  
539 an applicant fails to submit the requested information to the office  
540 within the sixty-day period, the office shall consider the application to  
541 have been withdrawn.

542 (d) Upon determining that an application is complete, the office  
543 shall provide notice of this determination to the applicant and to the  
544 public in accordance with regulations adopted by the department. In  
545 addition, the office shall post such notice on its web site. The date on  
546 which the office posts such notice on its web site shall begin the review  
547 period. Except as provided in this subsection, (1) the review period for  
548 a completed application shall be ninety days from the date on which  
549 the office posts such notice on its web site; and (2) the office shall issue  
550 a decision on a completed application prior to the expiration of the  
551 ninety-day review period. The review period for a completed  
552 application that involves a transfer of a group practice, as described in  
553 subdivision (3) of subsection (a) of section 19a-638, as amended by this  
554 act, when the offer was made in response to a request for proposal or  
555 similar voluntary offer for sale shall be sixty days from the date on  
556 which the office posts notice on its web site. Upon request or for good  
557 cause shown, the office may extend the review period for a period of  
558 time not to exceed sixty days. If the review period is extended, the  
559 office shall issue a decision on the completed application prior to the  
560 expiration of the extended review period. If the office holds a public  
561 hearing concerning a completed application in accordance with  
562 subsection (e) or (f) of this section, the office shall issue a decision on  
563 the completed application not later than sixty days after the date the  
564 office closes the public hearing record.

565 (e) [The] Except as provided in this subsection, the office shall hold  
566 a public hearing on a properly filed and completed certificate of need  
567 application if three or more individuals or an individual representing  
568 an entity with five or more people submits a request, in writing, that a  
569 public hearing be held on the application. For a properly filed and  
570 completed certificate of need application involving a transfer of  
571 ownership of a group practice, as described in subdivision (3) of  
572 subsection (a) of section 19a-638, as amended by this act, when an offer  
573 was made in response to a request for proposal or similar voluntary  
574 offer for sale, a public hearing shall be held if twenty-five or more  
575 individuals or an individual representing twenty-five or more people  
576 submits a request, in writing, that a public hearing be held on the  
577 application. Any request for a public hearing shall be made to the  
578 office not later than thirty days after the date the office determines the  
579 application to be complete.

580 (f) The office may hold a public hearing with respect to any  
581 certificate of need application submitted under this chapter. The office  
582 shall provide not less than two weeks' advance notice to the applicant,  
583 in writing, and to the public by publication in a newspaper having a  
584 substantial circulation in the area served by the health care facility or  
585 provider. In conducting its activities under this chapter, the office may  
586 hold hearing on applications of a similar nature at the same time.

587 (g) The Commissioner of Public Health may implement policies and  
588 procedures necessary to administer the provisions of this section while  
589 in the process of adopting such policies and procedures as regulation,  
590 provided the commissioner holds a public hearing prior to  
591 implementing the policies and procedures and prints notice of intent to  
592 adopt regulations in the Connecticut Law Journal not later than twenty  
593 days after the date of implementation. Policies and procedures  
594 implemented pursuant to this section shall be valid until the time final  
595 regulations are adopted. Final regulations shall be adopted by  
596 December 31, 2011.

597 Sec. 9. Section 19a-486a of the general statutes is repealed and the

598 following is substituted in lieu thereof (*Effective from passage*):

599 (a) No nonprofit hospital shall enter into an agreement to transfer a  
600 material amount of its assets or operations or a change in control of  
601 operations to a person that is organized or operated for profit without  
602 first having received approval of the agreement by the commissioner  
603 and the Attorney General pursuant to sections 19a-486 to 19a-486h,  
604 inclusive, and pursuant to the Attorney General's authority under  
605 section 3-125. Any such agreement without the approval required by  
606 sections 19a-486 to 19a-486h, inclusive, shall be void.

607 (b) Prior to any transaction described in subsection (a) of this  
608 section, the nonprofit hospital and the purchaser shall concurrently  
609 submit a certificate of need determination letter as described in  
610 subsection (c) of section 19a-638, as amended by this act, to the  
611 commissioner and the Attorney General by serving it on them by  
612 certified mail, return receipt requested, or delivering it by hand to each  
613 office. The certificate of need determination letter shall contain: (1) The  
614 name and address of the nonprofit hospital; (2) the name and address  
615 of the purchaser; (3) a brief description of the terms of the proposed  
616 agreement; and (4) the estimated capital expenditure, cost or value  
617 associated with the proposed agreement. The certificate of need  
618 determination letter shall be subject to disclosure pursuant to section 1-  
619 210.

620 (c) Not later than thirty days after receipt of the certificate of need  
621 determination letter by the commissioner and the Attorney General,  
622 the purchaser and the nonprofit hospital shall hold a hearing on the  
623 contents of the certificate of need determination letter in the  
624 municipality in which the new hospital is proposed to be located. The  
625 nonprofit hospital shall provide not less than two weeks' advance  
626 notice of the hearing to the public by publication in a newspaper  
627 having a substantial circulation in the affected community for not less  
628 than three consecutive days. Such notice shall contain substantially the  
629 same information as in the certificate of need determination letter. The  
630 purchaser and the nonprofit hospital shall record and transcribe the

631 hearing and make such recording or transcription available to the  
632 commissioner, the Attorney General or members of the public upon  
633 request.

634 [(c)] (d) The commissioner and the Attorney General shall review  
635 the certificate of need determination letter. The Attorney General shall  
636 determine whether the agreement requires approval pursuant to this  
637 chapter. If such approval is required, the commissioner and the  
638 Attorney General shall transmit to the purchaser and the nonprofit  
639 hospital an application form for approval pursuant to this chapter,  
640 unless the commissioner refuses to accept a filed or submitted  
641 certificate of need determination letter. Such application form shall  
642 require the following information: (1) The name and address of the  
643 nonprofit hospital; (2) the name and address of the purchaser; (3) a  
644 description of the terms of the proposed agreement; (4) copies of all  
645 contracts, agreements and memoranda of understanding relating to  
646 the proposed agreement; (5) a fairness evaluation by an independent  
647 person who is an expert in such agreements, that includes an analysis  
648 of each of the criteria set forth in section 19a-486c; (6) documentation  
649 that the nonprofit hospital exercised the due diligence required by  
650 subdivision (2) of subsection (a) of section 19a-486c, including  
651 disclosure of the terms of any other offers to transfer assets or  
652 operations or change control of operations received by the nonprofit  
653 hospital and the reason for rejection of such offers; and (7) such other  
654 information as the commissioner or the Attorney General deem  
655 necessary to their review pursuant to the provisions of sections 19a-486  
656 to 19a-486f, inclusive, and chapter 368z. The application shall be  
657 subject to disclosure pursuant to section 1-210.

658 [(d)] (e) No later than sixty days after the date of mailing of the  
659 application form, the nonprofit hospital and the purchaser shall  
660 concurrently file an application with the commissioner and the  
661 Attorney General containing all the required information. The  
662 commissioner and the Attorney General shall review the application  
663 and determine whether the application is complete. The commissioner

664 and the Attorney General shall, no later than twenty days after the  
665 date of their receipt of the application, provide written notice to the  
666 nonprofit hospital and the purchaser of any deficiencies in the  
667 application. Such application shall not be deemed complete until such  
668 deficiencies are corrected.

669 ~~[(e)]~~ (f) No later than twenty-five days after the date of their receipt  
670 of the completed application under this section, the commissioner and  
671 the Attorney General shall jointly publish a summary of such  
672 agreement in a newspaper of general circulation where the nonprofit  
673 hospital is located.

674 ~~[(f)]~~ (g) Any person may seek to intervene in the proceedings under  
675 section 19a-486e, in the same manner as provided in section 4-177a.

676 Sec. 10. Section 19a-486b of the general statutes is repealed and the  
677 following is substituted in lieu thereof (*Effective from passage*):

678 (a) Not later than one hundred twenty days after the date of receipt  
679 of the completed application pursuant to subsection (d) of section 19a-  
680 486a, as amended by this act, the Attorney General and the  
681 commissioner shall approve the application, with or without  
682 modification, or deny the application. The commissioner shall also  
683 determine, in accordance with the provisions of chapter 368z, whether  
684 to approve, with or without modification, or deny the application for a  
685 certificate of need that is part of the completed application.  
686 Notwithstanding the provisions of section 19a-639a, the commissioner  
687 shall complete the decision on the application for a certificate of need  
688 within the same time period as the completed application. Such one-  
689 hundred-twenty-day period may be extended by agreement of the  
690 Attorney General, the commissioner, the nonprofit hospital and the  
691 purchaser. If the Attorney General initiates a proceeding to enforce a  
692 subpoena pursuant to section 19a-486c or 19a-486d, as amended by this  
693 act, the one-hundred-twenty-day period shall be tolled until the final  
694 court decision on the last pending enforcement proceeding, including  
695 any appeal or time for the filing of such appeal. Unless the one-

696 hundred-twenty-day period is extended pursuant to this section, if the  
697 commissioner and Attorney General fail to take action on an  
698 agreement prior to the one hundred twenty-first day after the date of  
699 the filing of the completed application, the application shall be deemed  
700 approved.

701 (b) The commissioner and the Attorney General may place any  
702 conditions on the approval of an application that relate to the purposes  
703 of sections 19a-486a to 19a-486h, inclusive, as amended by this act.

704 Sec. 11. Subsection (a) of section 19a-486d of the general statutes is  
705 repealed and the following is substituted in lieu thereof (*Effective from*  
706 *passage*):

707 (a) The commissioner shall deny an application filed pursuant to  
708 subsection (d) of section 19a-486a, as amended by this act, unless the  
709 commissioner finds that: (1) The affected community will be assured of  
710 continued access to high quality and affordable health care after  
711 accounting for any proposed change impacting hospital staffing; (2) in  
712 a situation where the asset or operation to be transferred provides or  
713 has provided health care services to the uninsured or underinsured,  
714 the purchaser has made a commitment to provide health care to the  
715 uninsured and the underinsured; (3) in a situation where health care  
716 providers or insurers will be offered the opportunity to invest or own  
717 an interest in the purchaser or an entity related to the purchaser  
718 safeguard procedures are in place to avoid a conflict of interest in  
719 patient referral; and (4) certificate of need authorization is justified in  
720 accordance with chapter 368z. The commissioner may contract with  
721 any person, including, but not limited to, financial or actuarial experts  
722 or consultants, or legal experts with the approval of the Attorney  
723 General, to assist in reviewing the completed application. The  
724 commissioner shall submit any bills for such contracts to the  
725 purchaser. Such bills shall not exceed one hundred fifty thousand  
726 dollars. The purchaser shall pay such bills no later than thirty days  
727 after the date of receipt of such bills."



This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2014</i>	New section
Sec. 2	<i>from passage</i>	33-182aa
Sec. 3	<i>from passage</i>	33-182bb
Sec. 4	<i>October 1, 2014</i>	New section
Sec. 5	<i>July 1, 2014</i>	19a-630
Sec. 6	<i>July 1, 2014</i>	19a-638
Sec. 7	<i>July 1, 2014</i>	19a-639
Sec. 8	<i>July 1, 2014</i>	19a-639a
Sec. 9	<i>from passage</i>	19a-486a
Sec. 10	<i>from passage</i>	19a-486b
Sec. 11	<i>from passage</i>	19a-486d(a)