



House of Representatives

General Assembly

File No. 683

January Session, 2025

House Bill No. 7050

House of Representatives, April 14, 2025

The Committee on Public Health reported through REP. MCCARTHY VAHEY of the 133rd Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

**AN ACT CONCERNING THE OFFICE OF HEALTH STRATEGY'S
RECOMMENDATIONS REGARDING THE CERTIFICATE OF NEED
PROGRAM.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 19a-643 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2025*):

3 (a) The Office of Health Strategy shall adopt regulations, in
4 accordance with the provisions of chapter 54, to carry out the provisions
5 of sections 19a-630 to 19a-639e, inclusive, as amended by this act, and
6 sections 19a-644 and 19a-645 concerning the submission of data by
7 health care facilities and institutions, including data on dealings
8 between health care facilities and institutions and their affiliates, and,
9 with regard to requests or proposals pursuant to sections 19a-638 to 19a-
10 639e, inclusive, as amended by this act, by state health care facilities and
11 institutions, the ongoing inspections by the unit of operating budgets
12 that have been approved by the health care facilities and institutions,
13 standard reporting forms and standard accounting procedures to be

14 utilized by health care facilities and institutions and the transferability
15 of line items in the approved operating budgets of the health care
16 facilities and institutions, except that any health care facility or
17 institution may transfer any amounts among items in its operating
18 budget. All such transfers shall be reported to the unit not later than
19 thirty days after the transfer or transfers.

20 (b) The [Office] Commissioner of Health Strategy may adopt such
21 regulations, in accordance with the provisions of chapter 54, as are
22 necessary to implement this chapter. The commissioner may implement
23 policies and procedures necessary to administer the provisions of this
24 section while in the process of adopting such policies and procedures as
25 regulations, provided the commissioner holds a public hearing on such
26 policies and procedures not less than thirty days before implementing
27 such policies and procedures and publishes notice of intention to adopt
28 regulations on the Office of Health Strategy's Internet web site and the
29 eRegulations System not later than twenty days after implementing
30 such policies and procedures. Policies and procedures implemented
31 pursuant to this subsection shall be valid until the time final regulations
32 are adopted in accordance with the provisions of chapter 54.

33 Sec. 2. Subdivision (15) of section 19a-630 of the general statutes is
34 repealed and the following is substituted in lieu thereof (*Effective from*
35 *passage*):

36 (15) "Termination of services" means the cessation of any services for
37 (A) a [period] combined total of greater than one hundred eighty days
38 within any consecutive two-year period, or (B) a period of thirty
39 consecutive days or more.

40 Sec. 3. Subdivision (11) of subsection (a) of section 19a-638 of the
41 general statutes is repealed and the following is substituted in lieu
42 thereof (*Effective October 1, 2025*):

43 (11) The acquisition of a proton radiotherapy machine or nonhospital
44 based linear [accelerators] accelerator, except a certificate of need issued
45 by the unit shall not be required where such machine or accelerator is a

46 replacement for [an] a machine or accelerator that was previously
47 acquired through certificate of need approval or a certificate of need
48 determination;

49 Sec. 4. Subsection (d) of section 19a-639 of the general statutes is
50 repealed and the following is substituted in lieu thereof (*Effective July 1,*
51 *2025*):

52 (d) (1) For purposes of this subsection and subsection (e) of this
53 section:

54 (A) "Affected community" means a municipality where a hospital is
55 physically located or a municipality whose inhabitants are regularly
56 served by a hospital;

57 (B) "Hospital" has the same meaning as provided in section 19a-490;

58 (C) "New hospital" means a hospital as it exists after the approval of
59 an agreement pursuant to section 19a-486b or a certificate of need
60 application for a transfer of ownership of a hospital;

61 (D) "Purchaser" means a person who is acquiring, or has acquired,
62 any assets of a hospital through a transfer of ownership of a hospital;

63 (E) "Transacting party" means a purchaser and any person who is a
64 party to a proposed agreement for transfer of ownership of a hospital;

65 (F) "Transfer" means to sell, transfer, lease, exchange, option, convey,
66 give or otherwise dispose of or transfer control over, including, but not
67 limited to, transfer by way of merger or joint venture not in the ordinary
68 course of business; and

69 (G) "Transfer of ownership of a hospital" means a transfer that
70 impacts or changes the governance or controlling body of a hospital,
71 including, but not limited to, all affiliations, mergers or any sale or
72 transfer of net assets of a hospital and for which a certificate of need
73 application or a certificate of need determination letter is filed on or after
74 December 1, 2015.

75 (2) In any deliberations involving a certificate of need application
76 filed pursuant to section 19a-638, as amended by this act, that involves
77 the transfer of ownership of a hospital, the unit shall, in addition to the
78 guidelines and principles set forth in subsection (a) of this section and
79 those prescribed through regulation pursuant to subsection (c) of this
80 section, take into consideration and make written findings concerning
81 each of the following guidelines and principles:

82 (A) Whether the applicant fairly considered alternative proposals or
83 offers in light of the purpose of maintaining health care provider
84 diversity and consumer choice in the health care market and access to
85 affordable quality health care for the affected community; and

86 (B) Whether the plan submitted pursuant to section 19a-639a, as
87 amended by this act, demonstrates, in a manner consistent with this
88 chapter, how health care services will be provided by the new hospital
89 for the first three years following the transfer of ownership of the
90 hospital, including any consolidation, reduction, elimination or
91 expansion of existing services or introduction of new services.

92 (3) The unit shall deny any certificate of need application involving a
93 transfer of ownership of a hospital unless the commissioner finds that
94 the affected community will be assured of continued access to high
95 quality and affordable health care after accounting for any proposed
96 change impacting hospital staffing.

97 (4) The unit may deny any certificate of need application involving a
98 transfer of ownership of a hospital subject to a cost and market impact
99 review pursuant to section 19a-639f, as amended by this act, if the
100 commissioner finds that (A) the affected community will not be assured
101 of continued access to high quality and affordable health care after
102 accounting for any consolidation in the hospital and health care market
103 that may lessen health care provider diversity, consumer choice and
104 access to care, and (B) any likely increases in the prices for health care
105 services or total health care spending in the state may negatively impact
106 the affordability of care.

107 (5) The unit may place any conditions on the approval of a certificate
108 of need application involving a transfer of ownership of a hospital
109 consistent with the provisions of this chapter. Before placing any such
110 conditions, the unit shall weigh the value of such conditions in
111 promoting the purposes of this chapter against the individual and
112 cumulative burden of such conditions on the transacting parties and the
113 new hospital. For each condition imposed, the unit shall include a
114 concise statement of the legal and factual basis for such condition and
115 the provision or provisions of this chapter that it is intended to promote.
116 Each condition shall be reasonably tailored in time and scope. The
117 transacting parties or the new hospital shall have the right to make a
118 request to the unit for an amendment to, or relief from, any condition
119 based on changed circumstances, hardship or for other good cause.

120 (6) In any deliberations involving a certificate of need application
121 filed pursuant to section 19a-638, as amended by this act, that involves
122 the transfer of ownership of a hospital and is subject to a cost and market
123 impact review, the unit may consider the preliminary report, response
124 to the preliminary report, final report and any written comments from
125 the parties regarding the reports issued or submitted as part of the
126 review.

127 Sec. 5. Section 19a-639a of the general statutes is amended by adding
128 subsection (i) as follows (*Effective July 1, 2025*):

129 (NEW) (i) (1) Notwithstanding the provisions of this section, the unit
130 may develop and implement an expedited certificate of need review
131 process for (A) certificate of need applications for (i) a service, facility or
132 equipment identified as having a significant unmet need in the
133 geographic region of the applicant in the most recently published final
134 version of the state-wide health care facilities and services plan,
135 established pursuant to section 19a-634, (ii) the acquisition of a
136 computed tomography scanner or magnetic resonance imaging scanner,
137 and (B) any other category of certificate of need application under
138 subsection (a) of section 19a-638, as amended by this act, that the unit
139 designates as eligible to request expedited review, provided the

140 applicant, pursuant to subdivision (2) of this subsection, (i) requests an
141 expedited review of a certificate of need application, and (ii) clearly
142 demonstrates that the subject of the application addresses a significant
143 unmet need in the service area of the applicant. The unit shall issue a
144 decision on any certificate of need application eligible for expedited
145 review pursuant to the provisions of this subdivision not more than
146 thirty days after the unit receives an applicant's complete certificate of
147 need application.

148 (2) An expedited certificate of need applicant may request, in a form
149 and manner prescribed by the Commissioner of Health Strategy, an
150 expedited review of a certificate of need application pursuant to
151 subparagraph (B) of subdivision (1) of this subsection. Such request
152 shall include, but need not be limited to, (A) a description of the target
153 population to be served by the subject of the certificate of need
154 application, (B) a clear demonstration of a significant unmet need for the
155 subject of the certificate of need application in the geographic region of
156 the applicant based on patient demographics, diagnoses, utilization or
157 other recent data, and (C) a description of the availability of the subject
158 of the certificate of need application in the primary service area of the
159 applicant. The unit shall determine whether an applicant who requests
160 an expedited review pursuant to the provisions of this subdivision is
161 eligible for such expedited review not more than thirty days after the
162 date that the unit receives the applicant's request.

163 (3) Notwithstanding the provisions of this section, the expedited
164 certificate of need review process established pursuant to the provisions
165 of this subsection shall (A) allow the unit to resolve an expedited
166 certificate of need application by (i) agreed settlement with the
167 applicant, (ii) making a determination approving the expedited
168 certificate of need application with or without conditions, or (iii)
169 requiring the applicant to submit a certificate of need application
170 pursuant to the provisions of subsections (a) to (f), inclusive, of this
171 section, and (B) not require a public hearing on an expedited certificate
172 of need application.

173 (4) If the unit requires an applicant to submit a certificate of need
 174 application pursuant to subparagraph (A)(iii) of subdivision (3) of this
 175 subsection, the unit shall (A) treat the expedited review application as a
 176 properly filed certificate of need application, (B) issue any request for
 177 additional information not later than thirty days after issuing a notice
 178 requiring an applicant to submit a certificate of need application
 179 pursuant to said subparagraph, and (C) follow the procedures described
 180 in subsections (c) to (g), inclusive, of this section.

181 (5) The expedited certificate of need review process established
 182 pursuant to the provisions of this subsection shall not be considered a
 183 contested case, as defined in section 4-166. The unit's decision on any
 184 expedited certificate of need application submitted pursuant to the
 185 provisions of this subsection shall not be considered a final decision, as
 186 defined in section 4-166.

187 Sec. 6. Subsection (j) of section 19a-639f of the general statutes is
 188 repealed and the following is substituted in lieu thereof (*Effective October*
 189 *1, 2025*):

190 (j) The unit shall retain an independent consultant with expertise on
 191 the economic analysis of the health care market and health care costs
 192 and prices to conduct each cost and market impact review, as described
 193 in this section. The unit shall submit bills for such services to the
 194 purchaser, as defined in subsection (d) of section 19a-639, as amended
 195 by this act. Such purchaser shall pay such bills not later than thirty days
 196 after receipt. Such bills shall not exceed [two] three hundred thousand
 197 dollars per application. The provisions of chapter 57, sections 4-212 to 4-
 198 219, inclusive, and section 4e-19 shall not apply to any agreement
 199 executed pursuant to this subsection.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2025</i>	19a-643
Sec. 2	<i>from passage</i>	19a-630(15)
Sec. 3	<i>October 1, 2025</i>	19a-638(a)(11)

Sec. 4	<i>July 1, 2025</i>	19a-639(d)
Sec. 5	<i>July 1, 2025</i>	19a-639a(i)
Sec. 6	<i>October 1, 2025</i>	19a-639f(j)

PH *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The changes to the certificate of need program do not result in a fiscal impact for the Office of Health Strategy.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**HB 7050*****AN ACT CONCERNING THE OFFICE OF HEALTH STRATEGY'S RECOMMENDATIONS REGARDING THE CERTIFICATE OF NEED PROGRAM.*****SUMMARY**

This bill modifies the state's certificate of need (CON) program for health care entities administered by the Office of Health Strategy's (OHS's) Health Systems Planning Unit (HSPU). Under the program, health care entities must generally receive CON approval when establishing new facilities or services, changing ownership, acquiring certain equipment, or terminating certain services.

Principally, it:

1. allows the OHS commissioner to implement policies and procedures for the CON program while in the process of adopting them as regulations, under certain conditions (§ 1);
2. expands the definition of "termination of services" for CON purposes to include the termination of any services for a combined total of more than 180 days within a consecutive two-year period or 30 or more consecutive days (§ 2);
3. requires CON approval to acquire a proton radiotherapy machine, unless it is a replacement for a machine previously acquired through a CON (§ 3);
4. expressly authorizes HSPU, when reviewing CON applications for certain hospital ownership transfers that require a cost and market impact review (CMIR), to consider the CMIR preliminary and final reports and other specified related materials (§ 4);

5. increases, from \$200,000 to \$300,000, the maximum amount HSPU may charge an applicant for the cost of the independent consultant that conducts the CMIR (§ 6); and
6. allows HSPU to implement an expedited CON review process for, among other things, applications for services, facilities, or equipment that address an unmet need in the applicant's geographic area and sets related requirements (§ 5).

EFFECTIVE DATE: October 1, 2025, except that the provisions on (1) the review of CMIR reports and an expedited CON review process take effect July 1, 2025, and (2) the definition of "termination of services" takes effect upon passage.

§ 1 — AUTHORITY TO IMPLEMENT POLICIES AND PROCEDURES

The bill allows the OHS commissioner to adopt policies and procedures on the CON program while in the process of adopting them as regulations. The commissioner may do so only if she (1) holds a public hearing at least 30 days before implementing the policies and procedures and (2) publishes notice of her intent to adopt regulations on the OHS website and e-Regulations system within 20 days after implementing the policies and procedures, which are valid until the final regulations are adopted.

§§ 2 & 3 — TRANSACTIONS REQUIRING CON APPROVAL

By law, health care institutions must generally receive approval from HSPU when establishing new facilities or services, changing ownership, acquiring certain equipment, or terminating services.

The bill adds to the types of transactions that require CON approval acquiring a proton radiotherapy machine, unless it is replacing a machine acquired through a CON. (This device uses high-energy proton beams instead of x-ray beams to treat cancer.)

The bill also expands the statutory definition of "termination of services" for purposes of the CON program. Specifically, the bill requires CON approval when terminating a service for either (1) a

combined total of more than 180 days within a consecutive two-year period or (2) at least 30 consecutive days. Under current law, CON approval is needed when terminating services for more than 180 days.

§ 5 — EXPEDITED CON REVIEW PROCESS FOR CERTAIN APPLICATIONS

Regardless of existing CON laws, the bill allows HSPU to develop and implement an expedited CON process for the following applications:

1. for a service, facility, or equipment identified as having a significant unmet need in the applicant's geographic region in the most recent Statewide Health Care Facilities and Services Plan;
2. acquiring a computed tomography (CT) or magnetic resonance imaging (MRI) scanner; and
3. any other application categories HSPU designates as eligible to request an expedited review, so long as the applicant requests it and clearly demonstrates the proposal addresses a significant unmet need in the applicant's service area.

An applicant's request for an expedited review must (1) describe the target population the proposal will serve; (2) clearly demonstrate a significant unmet need for the proposal in the applicant's geographic region based on patient demographics, diagnoses, utilization, or other recent data; and (3) describe the availability of the proposed service, facility, or equipment in the applicant's primary service area.

Under the bill, HSPU must determine whether an applicant is eligible for expedited review within 30 days after receiving a request and issue a decision on the application within 30 days after receiving a complete application.

The bill requires the expedited review process to allow HSPU to (1) resolve an application by entering into an agreed settlement, approving it (with or without conditions), or requiring the applicant to go through the normal CON process and (2) not require a public hearing on an

application.

If HSPU requires an applicant to apply through the normal CON process it must (1) treat the expedited review application as a properly filed CON application, (2) issue any request for additional information within 30 days after notifying the applicant that they must use the normal CON process, and (3) follow the procedures under existing law to complete the review.

Under the bill, the expedited CON review process is not considered a contested case under the Uniform Administrative Procedure Act (UAPA) and HSPU's decision on an expedited application is not considered a final decision under the UAPA.

§§ 4 & 6 — CMIRS AND INDEPENDENT CONSULTANT FEES

Existing law requires the state to conduct a CMIR of CON applications that propose to transfer a hospital's ownership if the purchaser is (1) an in- or out-of-state hospital or a hospital system that had net patient revenue exceeding \$1.5 billion for fiscal year 2013 or (2) organized or operated for profit. An independent consultant that OHS retains conducts the review, at the applicant's expense.

The bill expressly authorizes HSPU, when reviewing these CON applications, to consider the CMIR preliminary report and the response to it, the final report, and the parties' written comments on the report.

It also increases, from \$200,000 to \$300,000, the maximum amount HSPU may charge an applicant for the cost of the independent consultant conducting the CMIR.

BACKGROUND

Related Bill

SB 1539 (File 431), favorably reported by the Public Health Committee, makes various changes to the CON program, such as (1) requiring CON approval for certain private equity acquisitions, (2) requiring OHS to create an expedited CON review process for applications to increase bed capacity, (3) prohibiting HSPU from

granting a request for intervenor status in public hearings involving group practices, and (4) requiring HSPU to deny an application to terminate a hospital's labor and delivery services unless other services are available within a 25 mile radius.

COMMITTEE ACTION

Public Health Committee

Joint Favorable

Yea 21 Nay 10 (03/27/2025)