



General Assembly

January Session, 2025

Governor's Bill No. 6873

LCO No. 4384



Referred to Committee on PUBLIC HEALTH

Introduced by:

Request of the Governor Pursuant
to Joint Rule 9

**AN ACT STRENGTHENING THE REVIEW OF HEALTH CARE ENTITY
TRANSACTIONS.**

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

1 Section 1. Section 19a-486i of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2025*):

3 (a) As used in this section:

4 (1) "Advanced practice registered nurse" means an advanced practice
5 registered nurse licensed pursuant to chapter 378;

6 [(1)] (2) "Affiliation" means the formation of a relationship between
7 two or more entities that permits the entities to negotiate jointly with
8 third parties over rates for professional medical services;

9 [(2)] (3) "Captive professional entity" means a partnership,
10 professional corporation, limited liability company or other entity
11 formed to render professional services in which a partner, a member, a
12 shareholder or a beneficial owner is a physician, directly or indirectly,

13 employed by, controlled by, subject to the direction of, or otherwise
14 designated by (A) a hospital, (B) a hospital system, (C) a medical school,
15 (D) a medical foundation, organized pursuant to subsection (a) of
16 section 33-182bb, or (E) any entity that controls, is controlled by or is
17 under common control with, whether through ownership, governance,
18 contract or otherwise, another person, entity or organization described
19 in subparagraphs (A) to (D), inclusive, of this subdivision;

20 (4) "Entity" has the same meaning as provided in section 33-602;

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

41 (6) "Health care entity" means a health care provider, as defined in
42 section 19a-17b, health care facility, as defined in section 19a-630,
43 provider organization, group practice, or pharmacy benefit manager, as
44 defined in section 38a-479aaa. As used in this subdivision, "provider

45 organization" means any corporation, partnership, business trust,
46 association or organized group of persons, including, but not limited to,
47 a physician organization, a physician-hospital organization, an
48 independent practice organization, a provider network, an accountable
49 care organization or a management services organization, that is in the
50 business of health care delivery or management, whether incorporated
51 or not, and that represents one or more health care providers in
52 contracting with health carriers for the payment of health care services;

53 (7) "Health care provider" has the same meaning as provided in
54 section 19a-17b;

55 [(3)] (8) "Hospital" (A) has the same meaning as provided in section
56 19a-646, or (B) means a facility licensed as a hospital pursuant to the
57 laws of another state;

58 [(4)] (9) "Hospital system" means: (A) A parent corporation of one or
59 more hospitals and any entity affiliated with such parent corporation
60 through ownership, governance or membership; or (B) a hospital and
61 any entity affiliated with such hospital through ownership, governance
62 or membership;

63 [(5) "Health care provider" has the same meaning as provided in
64 section 19a-17b;]

65 (10) "Management services organization" means an entity that
66 provides management, administrative support and other services to a
67 group practice, hospital, hospital system, captive professional entity,
68 medical foundation or other entity organized by, controlled by or
69 otherwise affiliated with such hospital or hospital system pursuant to a
70 contract or other agreement;

71 [(6)] (11) "Medical foundation" means a medical foundation formed
72 under chapter 594b;

73 [(7) "Physician" has the same meaning as provided in section 20-13a;]

74 (12) "Nurse-midwife" means a nurse-midwife licensed pursuant to
75 chapter 377;

76 ~~[(8)]~~ (13) "Person" has the same meaning as provided in section 35-25;

77 (14) "Physician" has the same meaning as provided in section 20-13a;

78 (15) "Physician assistant" means a physician assistant licensed
79 pursuant to chapter 370;

80 ~~[(9)]~~ (16) "Professional corporation" has the same meaning as
81 provided in section 33-182a;

82 ~~[(10)]~~ "Group practice" means two or more physicians, legally
83 organized in a partnership, professional corporation, limited liability
84 company formed to render professional services, medical foundation,
85 not-for-profit corporation, faculty practice plan or other similar entity
86 (A) in which each physician who is a member of the group provides
87 substantially the full range of services that the physician routinely
88 provides, including, but not limited to, medical care, consultation,
89 diagnosis or treatment, through the joint use of shared office space,
90 facilities, equipment or personnel; (B) for which substantially all of the
91 services of the physicians who are members of the group are provided
92 through the group and are billed in the name of the group practice and
93 amounts so received are treated as receipts of the group; or (C) in which
94 the overhead expenses of, and the income from, the group are
95 distributed in accordance with methods previously determined by
96 members of the group. An entity that otherwise meets the definition of
97 group practice under this section shall be considered a group practice
98 although its shareholders, partners or owners of the group practice
99 include single-physician professional corporations, limited liability
100 companies formed to render professional services or other entities in
101 which beneficial owners are individual physicians; and]

102 ~~[(11)]~~ (17) "Primary service area" means the smallest number of zip
103 codes from which the [group practice] health care entity draws at least

104 seventy-five per cent of its patients; and

105 (18) "Private equity entity" means any entity that collects capital
106 investments from individuals or entities and purchases, as a parent
107 company or through another entity that the private equity entity
108 completely or partially owns or controls, a direct or indirect ownership
109 share of a health care entity or management services organization.
110 "Private equity entity" does not include a venture capital firm
111 exclusively funding a start-up company or any other early-stage
112 business.

113 (b) At the same time that any person conducting business in this state
114 that files merger, acquisition or any other information regarding market
115 concentration with the Federal Trade Commission or the United States
116 Department of Justice, in compliance with the Hart-Scott-Rodino
117 Antitrust Improvements Act, 15 USC 18a, where a hospital, hospital
118 system or other health care provider is a party to the merger or
119 acquisition that is the subject of such information, such person shall
120 provide written notification [to the Attorney General] of such filing and
121 [upon the request of the Attorney General, provide] a copy of such
122 merger, acquisition or other information to the Attorney General.

123 (c) Not less than [thirty] sixty days prior to the effective date of any
124 transaction that results in a material change to the business or corporate
125 structure of a group practice, the parties to the transaction shall submit
126 [written notice] to the Attorney General written notice of such material
127 change and each survey analysis, study document and report that was
128 prepared by or for any officer or director of each party to the transaction
129 for the purpose of evaluating the transaction with respect to market
130 shares, competitors, potential for sales growth or expansion into
131 product or geographic markets. For purposes of this subsection, a
132 [material change to the business or corporate structure of a group
133 practice] "material change to the business or corporate structure of a
134 group practice" includes: (1) The merger, consolidation or other
135 affiliation of a group practice with (A) another group practice that

136 results in a group practice comprised of eight or more physicians, or (B)
137 a hospital, hospital system, captive professional entity, medical
138 foundation or other entity organized or controlled by such hospital or
139 hospital system; (2) the acquisition of all or substantially all of (A) the
140 properties and assets of a group practice, or (B) the capital stock,
141 membership interests or other equity interests of a group practice by (i)
142 another group practice that results in a group practice comprised of
143 eight or more physicians, or (ii) a hospital, hospital system, captive
144 professional entity, medical foundation or other entity organized or
145 controlled by such hospital or hospital system; (3) the employment of all
146 or substantially all of the physicians of a group practice, or a department
147 or division of a group practice, by (A) another group practice that results
148 in a group practice comprised of eight or more physicians, or (B) a
149 hospital, hospital system, captive professional entity, medical
150 foundation or other entity organized by, controlled by or otherwise
151 affiliated with such hospital or hospital system, including, but not
152 limited to, through a transfer of ownership of such group practice to
153 such hospital, hospital system, captive professional entity, medical
154 foundation or other entity; and (4) the acquisition of one or more
155 insolvent group practices by (A) another group practice that results in a
156 group practice comprised of eight or more physicians, or (B) a hospital,
157 hospital system, captive professional entity, medical foundation or
158 other entity organized by, controlled by or otherwise affiliated with
159 such hospital or hospital system.

160 (d) (1) The written notice of a material change required under
161 subsection (c) of this section shall identify each party to the transaction
162 and describe the material change as of the date of such notice to the
163 business or corporate structure of the group practice, including: (A) A
164 description of the nature of the proposed relationship among the parties
165 to the proposed transaction; (B) the names and specialties of each
166 physician, physician assistant, advanced practice registered nurse and
167 nurse-midwife that is a member of the group practice that is the subject
168 of the proposed transaction and who will practice [medicine] with the

169 resulting group practice, hospital, hospital system, captive professional
170 entity, medical foundation or other entity organized by, controlled by,
171 or otherwise affiliated with such hospital or hospital system following
172 the effective date of the transaction; (C) the names of the business
173 entities that are to provide services following the effective date of the
174 transaction; (D) the address for each location where such services are to
175 be provided; (E) a description of the services to be provided at each such
176 location; [and] (F) the primary service area to be served by each such
177 location; (G) the names of each individual or entity that holds a direct or
178 indirect ownership interest of five per cent or more of the resulting
179 health care entity organized by, controlled by or otherwise affiliated
180 with such hospital or hospital system following the effective date of the
181 transaction; and (H) the name and scope of services provided by any
182 entity serving as a management service organization for the resulting
183 health care entity or other entity organized by, controlled by or
184 otherwise affiliated with such hospital or hospital system following the
185 effective date of the transaction.

186 (2) Not later than thirty days after the effective date of any transaction
187 described in subsection (c) of this section, the parties to the transaction
188 shall submit written notice to the Commissioner of Health Strategy.
189 Such written notice shall include, but need not be limited to, the same
190 information described in subdivision (1) of this subsection. The
191 commissioner shall post a link to such notice on the Office of Health
192 Strategy's Internet web site.

193 (e) Not less than [thirty] sixty days prior to the effective date of any
194 transaction that results in (1) an affiliation between one hospital or
195 hospital system and another hospital or hospital system, (2) a transfer
196 that impacts or changes the governance or controlling body of a hospital
197 or hospital system, including, but not limited to, any affiliation or
198 merger, or (3) a transfer of a controlling interest in any entity that
199 possesses or controls, directly or indirectly, an interest of at least twenty
200 per cent of a health care facility, the parties to the affiliation or transfer
201 shall submit written notice to the Attorney General of such affiliation.

202 Such written notice shall identify each party to the affiliation and
203 describe the affiliation as of the date of such notice, including: [(1)] (A)
204 A description of the nature of the proposed relationship among the
205 parties to the affiliation; [(2)] (B) the names of the business entities that
206 are to provide services following the effective date of the affiliation; [(3)]
207 (C) the address for each location where such services are to be provided;
208 [(4)] (D) a description of the services to be provided at each such
209 location; and [(5)] (E) the primary service area to be served by each such
210 location. For any transaction that requires a cost and market impact
211 review under section 19a-639f, the Attorney General may extend review
212 under this section until thirty days after the release of the final report on
213 the cost and market impact review.

214 (f) Not less than sixty days prior to the effective date of any material
215 change transaction, or a series of related transactions that occur within
216 a five-year period and that, taken together, would amount to a material
217 change transaction, involving a health care entity in the state that either
218 has total assets, annual revenues, or anticipated annual revenues for
219 new entities of at least ten million dollars, including both in-state and
220 out-of-state assets or revenues, or that includes a private equity entity,
221 the parties to such transaction shall submit a written notice to the
222 Attorney General of such material change transaction. For purposes of
223 this subsection, "material change transaction" includes: (1) A corporate
224 merger involving one or more health care entities; (2) an acquisition of
225 one or more health care entities, including, but not limited to, insolvent
226 health care entities, by direct or indirect purchase in any manner,
227 including, but not limited to, lease, transfer, exchange, option, receipt of
228 a conveyance, creation of a joint venture or any other manner of
229 purchase, such as by a health care system, private equity group, hedge
230 fund, publicly traded company, real estate investment trust,
231 management services organization or health carrier, or any subsidiaries
232 thereof, of not less than twenty per cent of the assets or operations of a
233 health care entity; (3) any affiliation, arrangement or contract that results
234 in a change of control of a health care entity by an arrangement or

235 agreement in which any other person, corporation, partnership or entity
236 acquires direct or indirect control over the operations of a health care
237 entity in whole or in substantial part; (4) the formation of a partnership,
238 joint venture, accountable care organization, parent organization or
239 management services organization for the purpose of administering
240 contracts with health carriers, third-party administrators, pharmacy
241 benefit managers or health care providers; (5) a sale, purchase, lease,
242 affiliation or transfer of control of a board of directors or governing body
243 of a health care entity; or (6) a real estate sale or lease agreement
244 involving not less than twenty per cent of the assets of a health care
245 entity.

246 [(f)] (g) The Attorney General may request the submission of any
247 additional information that is necessary to carry out the Attorney
248 General's responsibilities under this section. Written information
249 submitted to the Attorney General pursuant to this subsection and
250 subsections (b) to [(e)] (f), inclusive, of this section shall be maintained
251 and used by the Attorney General in the same manner as provided in
252 section 35-42, except the Attorney General may share such information
253 with the Commissioner of the Office of Health Strategy to receive
254 consultation on any aspect of the Attorney General's review under this
255 section. Any such shared information, including, but not limited to,
256 documentary material, shall be held in the custody of the Office of
257 Health Strategy, and shall not be available to the public in the same
258 manner as provided in section 35-42.

259 (h) The Attorney General, in his or her review of any notice or
260 information submitted under this section, shall (1) evaluate a
261 transaction's compliance with antitrust laws, and (2) if the transaction
262 would not otherwise require a certificate of need under section 19a-638,
263 as amended by this act, consult with the Office of Health Strategy
264 regarding the effect of the transaction on access, quality and
265 affordability of health care in the parties' primary service areas.

266 (i) (1) If the Attorney General identifies any issues of concern in his

267 or her evaluation of a transaction under subdivision (1) of subsection (h)
268 of this section, the Attorney General may offer the parties conditions to
269 meet for the transaction to proceed unchallenged, provided the
270 Attorney General deems such conditions appropriate.

271 (2) If the Attorney General, in consultation with the Commissioner of
272 the Office of Health Strategy, identifies any issues of concern in his or
273 her evaluation of a proposed transaction under subdivision (2) of
274 subsection (h) of this section, and the transaction would not otherwise
275 require a certificate of need under section 19a-638, as amended by this
276 act, the Attorney General may offer the parties conditions to meet for
277 the transaction to proceed or require a certificate of need pursuant to the
278 provisions of chapter 368z.

279 ~~[(g)]~~ (j) Not later than January [15, 2018, and] first annually,
280 [thereafter,] each hospital and hospital system shall file with the
281 Attorney General and the Commissioner of Health Strategy a written
282 report describing the activities of the group practices owned or affiliated
283 with such hospital or hospital system. Such report shall include, for each
284 such group practice: (1) A description of the nature of the relationship
285 between the hospital or hospital system and the group practice; (2) the
286 names and specialties of each physician, physician assistant, advanced
287 practice registered nurse and nurse-midwife practicing [medicine] with
288 the group practice; (3) the names of the business entities that provide
289 services as part of the group practice and the address for each location
290 where such services are provided; (4) a description of the services
291 provided at each such location; and (5) the primary service area served
292 by each such location.

293 ~~[(h)]~~ (k) Not later than January [15, 2018, and] fifteenth annually,
294 [thereafter,] each group practice comprised of thirty or more physicians
295 that is not the subject of a report filed under subsection ~~[(g)]~~ (j) of this
296 section shall file with the Attorney General and the Commissioner of
297 Health Strategy a written report concerning the group practice. Such
298 report shall include, for each such group practice: (1) The names and

299 specialties of each physician practicing medicine with the group
300 practice; (2) the names of the business entities that provide services as
301 part of the group practice and the address for each location where such
302 services are provided; (3) a description of the services provided at each
303 such location; and (4) the primary service area served by each such
304 location.

305 [(i)] (l) Not later than January [15, 2018, and] fifteenth annually,
306 [thereafter,] each hospital and hospital system shall file with the
307 Attorney General and the Commissioner of Health Strategy a written
308 report describing each affiliation with another hospital or hospital
309 system. Such report shall include: (1) The name and address of each
310 party to the affiliation; (2) a description of the nature of the relationship
311 among the parties to the affiliation; (3) the names of the business entities
312 that provide services as part of the affiliation and the address for each
313 location where such services are provided; (4) a description of the
314 services provided at each such location; and (5) the primary service area
315 served by each such location.

316 (m) Any person or entity that fails to comply with any provision of
317 this section or wilfully or knowingly gives false or incorrect information
318 shall be subject to fines not to exceed one thousand dollars per day for
319 each day that such person or entity is in violation of this section or for
320 each day that such information is false or incorrect. Any civil penalty
321 authorized by this subsection shall be imposed by the Attorney General
322 and recovered in a civil action brought by the Attorney General. In such
323 civil action, upon application of the Attorney General, the court may
324 grant such equitable relief that the court, in its discretion, determines is
325 necessary or appropriate.

326 (n) Nothing in this section shall be construed to limit or infringe upon
327 the existing authority of any state agency, including, but not limited to,
328 the Office of Health Strategy or the Attorney General, to review any
329 transaction.

330 Sec. 2. Subsection (a) of section 19a-638 of the general statutes is
331 repealed and the following is substituted in lieu thereof (*Effective October*
332 *1, 2025*):

333 (a) A certificate of need issued by the unit shall be required for:

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

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

336 (3) A transfer of ownership of a large group practice to any entity
337 other than a (A) physician, or (B) group of two or more physicians,
338 legally organized in a partnership, professional corporation or limited
339 liability company formed to render professional services and not
340 employed by or an affiliate of any hospital, medical foundation,
341 insurance company or other similar entity;

342 (4) The establishment of a freestanding emergency department;

343 (5) The termination of inpatient or outpatient services offered by a
344 hospital, including, but not limited to, the termination by a short-term
345 acute care general hospital or children's hospital of inpatient and
346 outpatient mental health and substance abuse services;

347 (6) The establishment of an outpatient surgical facility, as defined in
348 section 19a-493b, or as established by a short-term acute care general
349 hospital;

350 (7) The termination of surgical services by an outpatient surgical
351 facility, as defined in section 19a-493b, or a facility that provides
352 outpatient surgical services as part of the outpatient surgery department
353 of a short-term acute care general hospital, provided termination of
354 outpatient surgical services due to (A) insufficient patient volume, or (B)
355 the termination of any subspecialty surgical service, shall not require
356 certificate of need approval;

357 (8) The termination of an emergency department by a short-term

358 acute care general hospital;

359 (9) The establishment of cardiac services, including inpatient and
360 outpatient cardiac catheterization, interventional cardiology and
361 cardiovascular surgery;

362 (10) The acquisition of computed tomography scanners, magnetic
363 resonance imaging scanners, positron emission tomography scanners or
364 positron emission tomography-computed tomography scanners, by any
365 person, physician, provider, short-term acute care general hospital or
366 children's hospital, except (A) as provided for in subdivision (22) of
367 subsection (b) of this section, and (B) a certificate of need issued by the
368 unit shall not be required where such scanner is a replacement for a
369 scanner that was previously acquired through certificate of need
370 approval or a certificate of need determination, including a replacement
371 scanner that has dual modalities or functionalities if the applicant
372 already offers similar imaging services for each of the scanner's
373 modalities or functionalities that will be utilized;

374 (11) The acquisition of nonhospital based linear accelerators, except a
375 certificate of need issued by the unit shall not be required where such
376 accelerator is a replacement for an accelerator that was previously
377 acquired through certificate of need approval or a certificate of need
378 determination;

379 (12) An increase in the licensed bed capacity of a health care facility,
380 except as provided in subdivision (23) of subsection (b) of this section;

381 (13) The acquisition of equipment utilizing technology that has not
382 previously been utilized in the state;

383 (14) An increase of two or more operating rooms within any three-
384 year period, commencing on and after October 1, 2010, by an outpatient
385 surgical facility, as defined in section 19a-493b, or by a short-term acute
386 care general hospital; [and]

387 (15) The termination of inpatient or outpatient services offered by a
388 hospital or other facility or institution operated by the state that
389 provides services that are eligible for reimbursement under Title XVIII
390 or XIX of the federal Social Security Act, 42 USC 301, as amended; and

391 (16) A transaction for which (A) written notice was provided
392 pursuant to section 19a-486i, as amended by this act, and (B) the
393 Attorney General requires a certificate of need pursuant to subdivision
394 (2) of subsection (i) of said section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2025	19a-486i
Sec. 2	October 1, 2025	19a-638(a)

Statement of Purpose:

To implement the Governor's budget recommendations.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]