



General Assembly

January Session, 2025

Substitute Bill No. 6873



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 Section 19a-486i of the general statutes is repealed and the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 or transactions shall submit a written
222 notice to the Attorney General of such material change transaction or
223 such series of related transactions. For purposes of this subsection,
224 "material change transaction" includes: (1) A corporate merger
225 involving one or more health care entities; (2) an acquisition of one or
226 more health care entities, including, but not limited to, insolvent health
227 care entities, by direct or indirect purchase in any manner, including,
228 but not limited to, lease, transfer, exchange, option, receipt of a
229 conveyance, creation of a joint venture or any other manner of purchase,
230 such as by a health care system, private equity group, hedge fund,
231 publicly traded company, real estate investment trust, management
232 services organization or health carrier, or any subsidiaries thereof, of not
233 less than twenty per cent of the assets or operations of a health care
234 entity; (3) any affiliation, arrangement or contract that results in a
235 change of control of a health care entity by an arrangement or agreement
236 in which any other person, corporation, partnership or entity acquires
237 direct or indirect control over the operations of a health care entity in
238 whole or in substantial part; (4) the formation of a partnership, joint
239 venture, accountable care organization, parent organization or
240 management services organization for the purpose of administering
241 contracts with health carriers, third-party administrators, pharmacy
242 benefit managers or health care providers; (5) a sale, purchase, lease,
243 affiliation or transfer of control of a board of directors or governing body
244 of a health care entity; or (6) a real estate sale or lease agreement
245 involving not less than twenty per cent of the assets of a health care
246 entity.

247 [(f)] (g) The Attorney General may request the submission of any

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

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

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

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

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

294 [(h)] (k) Not later than January [15, 2018, and] fifteenth annually,
295 [thereafter,] each group practice comprised of thirty or more physicians
296 that is not the subject of a report filed under subsection [(g)] (j) of this
297 section shall file with the Attorney General and the Commissioner of
298 Health Strategy a written report concerning the group practice. Such
299 report shall include, for each such group practice: (1) The names and
300 specialties of each physician practicing medicine with the group
301 practice; (2) the names of the business entities that provide services as
302 part of the group practice and the address for each location where such
303 services are provided; (3) a description of the services provided at each
304 such location; and (4) the primary service area served by each such
305 location.

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

314 location where such services are provided; (4) a description of the
315 services provided at each such location; and (5) the primary service area
316 served by each such location.

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

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

331 Sec. 2. Subsection (a) of section 19a-638 of the general statutes is
332 repealed and the following is substituted in lieu thereof (*Effective October*
333 *1, 2025*):

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

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

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

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

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

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

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

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

358 (8) The termination of an emergency department by a short-term
359 acute care general hospital;

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

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

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

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

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

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

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

392 (16) A transaction for which (A) written notice was provided
393 pursuant to section 19a-486i, as amended by this act, and (B) the
394 Attorney General requires a certificate of need pursuant to subdivision
395 (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)

PH Joint Favorable Subst. -LCO

APP Joint Favorable