



General Assembly

January Session, 2025

Substitute Bill No. 7224



**AN ACT EXPANDING LIABILITY UNDER THE FALSE CLAIMS ACT
FOR ENTITIES WITH AN OWNERSHIP INTEREST AND PROHIBITING
THE LICENSING OF HOSPITALS WITH CERTAIN LEASE BACK
ARRANGEMENTS.**

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

1 Section 1. Section 4-274 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2025*):

3 As used in this section and section 4-275, as amended by this act:

4 (1) "Knowing" and "knowingly" means that a person, with respect to
5 information: (A) Has actual knowledge of the information; (B) acts in
6 deliberate ignorance of the truth or falsity of the information; or (C) acts
7 in reckless disregard of the truth or falsity of the information, without
8 regard to whether the person intends to defraud;

9 (2) "Claim" (A) means any request or demand, whether under a
10 contract or otherwise, for money or property and whether or not the
11 state has title to the money or property, that (i) is presented to an officer,
12 employee or agent of the state, or (ii) is made to a contractor, grantee or
13 other recipient, if the money or property is to be spent or used on the
14 state's behalf or to advance a state program or interest, and if the state
15 provides or has provided any portion of the money or property that is
16 requested or demanded, or if the state will reimburse such contractor,
17 grantee or other recipient for any portion of the money or property that

18 is requested or demanded, and (B) does not include a request or demand
19 for money or property that the state has paid to an individual as
20 compensation for state employment or as an income subsidy with no
21 restrictions on that individual's use of the money or property;

22 (3) "Person" means any natural person, corporation, limited liability
23 company, firm, association, organization, partnership, business, trust or
24 other legal entity;

25 (4) "State" means the state of Connecticut, any agency or department
26 of the state or any quasi-public agency, as defined in section 1-120;

27 (5) "Obligation" means an established duty, whether fixed or not,
28 arising from (A) an express or implied contractual, grantor-grantee or
29 licensor-licensee relationship, (B) a fee-based or similar relationship, (C)
30 statute or regulation, or (D) the retention of an overpayment; [and]

31 (6) "Material" means having a natural tendency to influence, or be
32 capable of influencing, the payment or receipt of money or property;
33 and

34 (7) "Ownership or investment interest" means any (A) direct or
35 indirect possession of equity in the capital, stocks or profits totaling
36 more than ten per cent of an entity, (B) interest held by an investor or
37 group of investors who engages in the raising or returning of capital and
38 who invests, develops or disposes of specified assets, or (C) interest held
39 by a pool of funds by investors, including a pool of funds managed or
40 controlled by private limited partnerships, if such investors or the
41 management of such pool or private limited partnership employ
42 investment strategies of any kind to earn a return on such pool of funds.

43 Sec. 2. Section 4-275 of the general statutes is repealed and the
44 following is substituted in lieu thereof (*Effective October 1, 2025*):

45 (a) No person shall:

46 (1) Knowingly present, or cause to be presented, a false or fraudulent
47 claim for payment or approval;

48 (2) Knowingly make, use or cause to be made or used, a false record
49 or statement material to a false or fraudulent claim;

50 (3) Conspire to commit a violation of this section;

51 (4) Having possession, custody or control of property or money used,
52 or to be used, by the state, knowingly deliver, or cause to be delivered,
53 less property than the amount for which the person receives a certificate
54 or receipt;

55 (5) Being authorized to make or deliver a document certifying receipt
56 of property used, or to be used, by the state and intending to defraud
57 the state, make or deliver such document without completely knowing
58 that the information on the document is true;

59 (6) Knowingly buy, or receive as a pledge of an obligation or debt,
60 public property from an officer or employee of the state who may not
61 lawfully sell or pledge the property;

62 (7) Knowingly make, use or cause to be made or used, a false record
63 or statement material to an obligation to pay or transmit money or
64 property to the state; [or]

65 (8) Knowingly conceal or knowingly and improperly avoid or
66 decrease an obligation to pay or transmit money or property to the state;
67 or

68 (9) (A) Have an ownership or investment interest in any corporation,
69 limited liability company, firm, association, organization, partnership,
70 business, trust or other legal entity that has violated subdivisions (1) to
71 (8), inclusive, of this subsection, (B) know about such violation, and (C)
72 fail to report such violation to the state not later than sixty days after
73 knowing of such violation.

74 (b) Any person who violates the provisions of subsection (a) of this
75 section shall be liable to the state for: (1) A civil penalty of not less than
76 five thousand five hundred dollars or more than eleven thousand
77 dollars, or as adjusted from time to time by the federal Civil Penalties

78 Inflation Adjustment Act of 1990, 28 USC 2461, (2) three times the
79 amount of damages that the state sustains because of the act of that
80 person, and (3) the costs of prosecution of such violation. Liability under
81 this section shall be joint and several for any violation of this section
82 committed by two or more persons.

83 (c) Notwithstanding the provisions of subsection (b) of this section
84 concerning treble damages, if the court finds that: (1) A person
85 committing a violation of subsection (a) of this section furnished
86 officials of the state responsible for investigating false claims violations
87 with all information known to such person about the violation not later
88 than thirty days after the date on which the person first obtained the
89 information; (2) such person fully cooperated with an investigation by
90 the state of such violation; and (3) at the time such person furnished the
91 state with the information about the violation, no criminal prosecution,
92 civil action or administrative action had commenced under sections 4-
93 276 to 4-280, inclusive, with respect to such violation, and such person
94 did not have actual knowledge of the existence of an investigation into
95 such violation, the court may assess not less than two times the amount
96 of damages which the state sustains because of the act of such person.
97 Any information furnished pursuant to this subsection shall be exempt
98 from disclosure under section 1-210.

99 (d) In any civil action, arbitration or other civil proceeding in which
100 the state is a defendant, the state shall not assert a counterclaim, set-off
101 or defense alleging a violation of this section.

102 (e) The provisions of this section shall not apply to any claim, record
103 or statement made under any tax law administered by this state or a
104 political subdivision of this state.

105 Sec. 3. Section 19a-486i of the general statutes is repealed and the
106 following is substituted in lieu thereof (*Effective October 1, 2025*):

107 (a) As used in this section:

108 (1) "Affiliation" means the formation of a relationship between two or

109 more entities that permits the entities to negotiate jointly with third
110 parties over rates for professional medical services;

111 (2) "Captive professional entity" means a partnership, professional
112 corporation, limited liability company or other entity formed to render
113 professional services in which a partner, a member, a shareholder or a
114 beneficial owner is a physician, directly or indirectly, employed by,
115 controlled by, subject to the direction of, or otherwise designated by (A)
116 a hospital, (B) a hospital system, (C) a medical school, (D) a medical
117 foundation, organized pursuant to subsection (a) of section 33-182bb, or
118 (E) any entity that controls, is controlled by or is under common control
119 with, whether through ownership, governance, contract or otherwise,
120 another person, entity or organization described in subparagraphs (A)
121 to (D), inclusive, of this subdivision;

122 (3) "Hospital" has the same meaning as provided in section 19a-646;

123 (4) "Hospital system" means: (A) A parent corporation of one or more
124 hospitals and any entity affiliated with such parent corporation through
125 ownership, governance or membership; or (B) a hospital and any entity
126 affiliated with such hospital through ownership, governance or
127 membership;

128 (5) "Health care provider" has the same meaning as provided in
129 section 19a-17b;

130 (6) "Medical foundation" means a medical foundation formed under
131 chapter 594b;

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

133 (8) "Person" has the same meaning as provided in section 35-25;

134 (9) "Professional corporation" has the same meaning as provided in
135 section 33-182a;

136 (10) "Group practice" means two or more physicians, legally
137 organized in a partnership, professional corporation, limited liability

138 company formed to render professional services, medical foundation,
139 not-for-profit corporation, faculty practice plan or other similar entity
140 (A) in which each physician who is a member of the group provides
141 substantially the full range of services that the physician routinely
142 provides, including, but not limited to, medical care, consultation,
143 diagnosis or treatment, through the joint use of shared office space,
144 facilities, equipment or personnel; (B) for which substantially all of the
145 services of the physicians who are members of the group are provided
146 through the group and are billed in the name of the group practice and
147 amounts so received are treated as receipts of the group; or (C) in which
148 the overhead expenses of, and the income from, the group are
149 distributed in accordance with methods previously determined by
150 members of the group. An entity that otherwise meets the definition of
151 group practice under this section shall be considered a group practice
152 although its shareholders, partners or owners of the group practice
153 include single-physician professional corporations, limited liability
154 companies formed to render professional services or other entities in
155 which beneficial owners are individual physicians; [and]

156 (11) "Primary service area" means the smallest number of zip codes
157 from which the group practice draws at least seventy-five per cent of its
158 patients; and

159 (12) "Main campus of a hospital" means the licensed premises within
160 which the majority of inpatient beds are located.

161 (b) At the same time that any person conducting business in this state
162 that files merger, acquisition or any other information regarding market
163 concentration with the Federal Trade Commission or the United States
164 Department of Justice, in compliance with the Hart-Scott-Rodino
165 Antitrust Improvements Act, 15 USC 18a, where a hospital, hospital
166 system or other health care provider is a party to the merger or
167 acquisition that is the subject of such information, such person shall
168 provide written notification to the Attorney General of such filing and,
169 upon the request of the Attorney General, provide a copy of such
170 merger, acquisition or other information.

171 (c) Not less than thirty days prior to the effective date of any
172 transaction that results in a material change to the business or corporate
173 structure of a group practice, the parties to the transaction shall submit
174 written notice to the Attorney General of such material change. For
175 purposes of this subsection, a material change to the business or
176 corporate structure of a group practice includes: (1) The merger,
177 consolidation or other affiliation of a group practice with (A) another
178 group practice that results in a group practice comprised of eight or
179 more physicians, or (B) a hospital, hospital system, captive professional
180 entity, medical foundation or other entity organized or controlled by
181 such hospital or hospital system; (2) the acquisition of all or
182 substantially all of (A) the properties and assets of a group practice, or
183 (B) the capital stock, membership interests or other equity interests of a
184 group practice by (i) another group practice that results in a group
185 practice comprised of eight or more physicians, or (ii) a hospital,
186 hospital system, captive professional entity, medical foundation or
187 other entity organized or controlled by such hospital or hospital system;
188 (3) the employment of all or substantially all of the physicians of a group
189 practice by (A) another group practice that results in a group practice
190 comprised of eight or more physicians, or (B) a hospital, hospital system,
191 captive professional entity, medical foundation or other entity
192 organized by, controlled by or otherwise affiliated with such hospital or
193 hospital system; and (4) the acquisition of one or more insolvent group
194 practices by (A) another group practice that results in a group practice
195 comprised of eight or more physicians, or (B) a hospital, hospital system,
196 captive professional entity, medical foundation or other entity
197 organized by, controlled by or otherwise affiliated with such hospital or
198 hospital system.

199 (d) (1) The written notice required under subsection (c) of this section
200 shall identify each party to the transaction and describe the material
201 change as of the date of such notice to the business or corporate structure
202 of the group practice, including: (A) A description of the nature of the
203 proposed relationship among the parties to the proposed transaction;
204 (B) the names and specialties of each physician that is a member of the

205 group practice that is the subject of the proposed transaction and who
206 will practice medicine with the resulting group practice, hospital,
207 hospital system, captive professional entity, medical foundation or
208 other entity organized by, controlled by, or otherwise affiliated with
209 such hospital or hospital system following the effective date of the
210 transaction; (C) the names of the business entities that are to provide
211 services following the effective date of the transaction; (D) the address
212 for each location where such services are to be provided; (E) a
213 description of the services to be provided at each such location; and (F)
214 the primary service area to be served by each such location.

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

222 (e) Not less than thirty days prior to the effective date of any
223 transaction that results in an affiliation between one hospital or hospital
224 system and another hospital or hospital system, the parties to the
225 affiliation shall submit written notice to the Attorney General of such
226 affiliation. Such written notice shall identify each party to the affiliation
227 and describe the affiliation as of the date of such notice, including: (1) A
228 description of the nature of the proposed relationship among the parties
229 to the affiliation; (2) the names of the business entities that are to provide
230 services following the effective date of the affiliation; (3) the address for
231 each location where such services are to be provided; (4) a description
232 of the services to be provided at each such location; and (5) the primary
233 service area to be served by each such location.

234 (f) Not less than thirty days prior to the effective date of any
235 transaction that results in the lease of the main campus of a hospital
236 from a health care real estate investment trust, as defined in Section 856
237 of the Internal Revenue Code of 1986, or any subsequent corresponding

238 internal revenue code of the United States, as amended from time to
239 time, the parties to the transaction shall submit written notice of such
240 proposed lease to the Attorney General and the Commissioner of Health
241 Strategy.

242 ~~[(f)]~~ (g) Written information submitted to the Attorney General
243 pursuant to subsections (b) to ~~[(e)]~~ (f), inclusive, of this section shall be
244 maintained and used by the Attorney General in the same manner as
245 provided in section 35-42.

246 ~~[(g)]~~ (h) Not later than January 15, 2018, and annually thereafter, each
247 hospital and hospital system shall file with the Attorney General and
248 the Commissioner of Health Strategy a written report describing the
249 activities of the group practices owned or affiliated with such hospital
250 or hospital system. Such report shall include, for each such group
251 practice: (1) A description of the nature of the relationship between the
252 hospital or hospital system and the group practice; (2) the names and
253 specialties of each physician practicing medicine with the group
254 practice; (3) the names of the business entities that provide services as
255 part of the group practice and the address for each location where such
256 services are provided; (4) a description of the services provided at each
257 such location; and (5) the primary service area served by each such
258 location.

259 ~~[(h)]~~ (i) Not later than January 15, 2018, and annually thereafter, each
260 group practice comprised of thirty or more physicians that is not the
261 subject of a report filed under subsection ~~[(g)]~~ (h) of this section shall file
262 with the Attorney General and the Commissioner of Health Strategy a
263 written report concerning the group practice. Such report shall include,
264 for each such group practice: (1) The names and specialties of each
265 physician practicing medicine with the group practice; (2) the names of
266 the business entities that provide services as part of the group practice
267 and the address for each location where such services are provided; (3)
268 a description of the services provided at each such location; and (4) the
269 primary service area served by each such location.

270 [(i)] (j) Not later than January 15, 2018, and annually thereafter, each
271 hospital and hospital system shall file with the Attorney General and
272 the Commissioner of Health Strategy a written report describing each
273 affiliation with another hospital or hospital system. Such report shall
274 include: (1) The name and address of each party to the affiliation; (2) a
275 description of the nature of the relationship among the parties to the
276 affiliation; (3) the names of the business entities that provide services as
277 part of the affiliation and the address for each location where such
278 services are provided; (4) a description of the services provided at each
279 such location; and (5) the primary service area served by each such
280 location.

281 Sec. 4. Section 19a-486g of the general statutes is repealed and the
282 following is substituted in lieu thereof (*Effective October 1, 2025*):

283 (a) The Commissioner of Public Health shall refuse to issue a license
284 to, or if issued shall suspend or revoke the license of, a hospital if the
285 commissioner finds, after a hearing and opportunity to be heard, that:

286 (1) There was a transaction described in section 19a-486a that
287 occurred without the approval of the Commissioner of Health Strategy,
288 if such approval was required by sections 19a-486 to 19a-486h, inclusive;

289 (2) There was a transaction described in section 19a-486a without the
290 approval of the Attorney General, if such approval was required by
291 sections 19a-486 to 19a-486h, inclusive, and the Attorney General
292 certifies to the Commissioner of Health Strategy that such transaction
293 involved a material amount of the nonprofit hospital's assets or
294 operations or a change in control of operations; or

295 (3) The hospital is not complying with the terms of an agreement
296 approved by the Attorney General and Commissioner of Health
297 Strategy pursuant to sections 19a-486 to 19a-486h, inclusive.

298 (b) On and after October 1, 2025, the Commissioner of Public Health
299 shall refuse to issue a license to a hospital, or renew any such license, if
300 the commissioner finds, after a hearing and opportunity to be heard,

301 that the main campus of the hospital, as defined in section 19a-486i, as
302 amended by this act, is leased from a health care real estate investment
303 trust, as defined in Section 856 of the Internal Revenue Code of 1986, or
304 any subsequent corresponding internal revenue code of the United
305 States, as amended from time to time, unless such lease was entered into
306 prior to October 1, 2025.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2025	4-274
Sec. 2	October 1, 2025	4-275
Sec. 3	October 1, 2025	19a-486i
Sec. 4	October 1, 2025	19a-486g

Statement of Legislative Commissioners:

Section 2(a)(9)(A) was redrafted for clarity and consistency with Sections 1(3) and (7).

GAE *Joint Favorable Subst. -LCO*