



General Assembly

January Session, 2025

Raised Bill No. 1507

LCO No. 6266



Referred to Committee on PUBLIC HEALTH

Introduced by:
(PH)

***AN ACT PROHIBITING PRIVATE EQUITY OWNERSHIP AND
CONTROL OF CERTAIN HEALTH CARE INSTITUTIONS AND THE
CONTROLLING OF OR INTERFERENCE WITH THE PROFESSIONAL
JUDGMENT AND CLINICAL DECISIONS OF CERTAIN HEALTH CARE
PROVIDERS AND REQUIRING AN EVALUATION OF THE
APPOINTMENT OF A RECEIVER TO MANAGER HOSPITALS IN
FINANCIAL DISTRESS.***

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

- 1 Section 1. (NEW) (*Effective July 1, 2025*) (a) As used in this section:
- 2 (1) "Group practice" means two or more physicians, legally organized
- 3 in a partnership, professional corporation, limited liability company
- 4 formed to render professional services, medical foundation, not-for-
- 5 profit corporation, faculty practice plan or other similar entity (A) in
- 6 which each physician who is a member of the group provides
- 7 substantially the full range of services that the physician routinely
- 8 provides, including, but not limited to, medical care, consultation,
- 9 diagnosis or treatment, through the joint use of shared office space,
- 10 facilities, equipment or personnel; (B) for which substantially all of the
- 11 services of the physicians who are members of the group are provided

12 through the group and are billed in the name of the group practice and
13 amounts received from such bills are treated as receipts of the group; or
14 (C) in which the overhead expenses of, and the income from, the group
15 are distributed in accordance with methods previously determined by
16 members of the group. An entity that otherwise meets the definition of
17 group practice under this section shall be considered a group practice
18 although its shareholders, partners or owners of the group practice
19 include single-physician professional corporations, limited liability
20 companies formed to render professional services or other entities in
21 which beneficial owners are individual physicians;

22 (2) "Health system" means: (A) A parent corporation of one or more
23 hospitals and any entity affiliated with such parent corporation through
24 ownership, governance, membership or other means; or (B) a hospital
25 or any entity affiliated with such hospital through ownership,
26 governance, membership or other means;

27 (3) "Hospital" means a facility licensed as a hospital under chapter
28 368v of the general statutes;

29 (4) "Indirect ownership interest" means an ownership interest in an
30 entity that has an ownership interest in a group practice, hospital or
31 health system;

32 (5) "Operational control" means to: (A) Influence or direct the actions
33 or policies of any part of a group practice, hospital or health system; or
34 (B) choose, appoint or terminate a member of the board, manager,
35 managing member, senior employee, consultant or other individual or
36 entity that participates in the operational oversight of a group practice,
37 hospital or health system;

38 (6) "Ownership interest" means possession of equity in capital, stock
39 or profits of a group practice, hospital or health system, or ownership of
40 real estate on which a group practice, hospital or health system operates;

41 (7) "Private equity company" means a publicly traded or nonpublicly

42 traded entity that collects capital investments from individuals or
43 entities; and

44 (8) "Real estate investment trust" has the same meaning as provided
45 in 26 USC 856, as amended from time to time.

46 (b) On and after October 1, 2025, no private equity company or real
47 estate investment trust shall (1) acquire (A) any direct or indirect
48 ownership interest in a group practice, hospital or health system, or (B)
49 any operational or financial control over a group practice, hospital or
50 health system; or (2) increase (A) any direct or indirect ownership
51 interest that the private equity company or real estate investment trust
52 has in a group practice, hospital or health system, or (B) any operational
53 or financial control that the private equity company or real estate
54 investment trust has over a group practice, hospital or health care
55 system.

56 Sec. 2. (NEW) (*Effective July 1, 2025*) (a) As used in this section:

57 (1) "Advanced practice registered nurse" means an advanced practice
58 registered nurse licensed pursuant to chapter 378 of the general statutes;

59 (2) "Clinician with independent practice authority" means a
60 physician, an advanced practice registered nurse or any other health
61 care provider who has the authority to engage in the independent
62 practice of such provider's profession pursuant to title 20 of the general
63 statutes;

64 (3) "Health care practice" means a business, regardless of form,
65 through which a licensed health care provider offers health care
66 services. "Health care practice" does not include any entity that holds a
67 license to operate a facility issued by the Department of Public Health
68 or the Department of Mental Health and Addiction Services;

69 (4) "Health system" means: (A) A parent corporation of one or more
70 hospitals and any entity affiliated with such parent corporation through

71 ownership, governance, membership or other means; or (B) a hospital
72 and any entity affiliated with such hospital through ownership,
73 governance, membership or other means;

74 (5) "Management services organization" means a business that
75 provides management or administrative services to a health care
76 provider or an organization of health care providers, including, but not
77 limited to, a health care practice, for compensation; and

78 (6) "Physician" means a physician licensed pursuant to chapter 370 of
79 the general statutes.

80 (b) No health care facility or entity that holds a license issued by the
81 Department of Public Health or the Department of Mental Health and
82 Addiction Services and no management services organization shall
83 directly or indirectly interfere with, control or otherwise direct the
84 professional judgment or clinical decisions of a health care practice or a
85 clinician with independent practice authority who provides health care
86 services at or through such facility or entity or at or through a health
87 care practice.

88 (c) Conduct prohibited under subsection (b) of this section shall
89 include, but need not be limited to, controlling, either directly or
90 indirectly, through discipline, punishment, threats, adverse
91 employment actions, coercion, retaliation or excessive pressure any of
92 the following: (1) The amount of time spent with patients or the number
93 of patients seen in a given time period, including, but not limited to, the
94 time permitted to triage patients in the emergency department or
95 evaluate admitted patients; (2) the time period within which a patient
96 must be discharged; (3) decisions involving the patient's clinical status,
97 including, but not limited to, whether the patient should be kept in
98 observation status, whether the patient should receive palliative care
99 and where the patient should be placed upon discharge; (4) the
100 diagnosis, diagnostic terminology or codes that are entered into the
101 medical record; (5) the appropriate diagnostic test for medical

102 conditions; or (6) any other conduct the Department of Public Health
 103 determines would interfere with, control or otherwise direct the
 104 professional judgment or clinical decision of a clinician with
 105 independent practice authority.

106 (d) Any nondisclosure or nondisparagement agreement entered into,
 107 amended or renewed on or after July 1, 2025, regarding any provision
 108 of subdivisions (1) to (6), inclusive, of subsection (c) of this section, to
 109 which a clinician with independent practice authority is a party shall be
 110 void and unenforceable.

111 (e) Any policy or contract entered into, amended or renewed on or
 112 after July 1, 2025, that has the effect of violating any provision of this
 113 section shall be void and unenforceable. If a court of competent
 114 jurisdiction finds that a policy, contract or contract provision is void and
 115 unenforceable pursuant to this subsection, the court shall award the
 116 plaintiff reasonable attorney's fees and costs.

117 (f) The Department of Public Health may adopt regulations, in
 118 accordance with the provisions of chapter 54 of the general statutes, to
 119 implement the provisions of this section.

120 Sec. 3. (*Effective from passage*) The Commissioner of Health Strategy
 121 shall evaluate whether the Attorney General should be authorized to
 122 petition the Superior Court for the appointment of a receiver to manage
 123 hospitals in financial distress or operational crisis. Not later than
 124 October 1, 2026, the commissioner shall report, in accordance with the
 125 provisions of section 11-4a of the general statutes, to the joint standing
 126 committee of the General Assembly having cognizance of matters
 127 relating to public health regarding such evaluation.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2025</i>	New section
Sec. 2	<i>July 1, 2025</i>	New section

Section 1	<i>July 1, 2025</i>	New section
Sec. 2	<i>July 1, 2025</i>	New section

Sec. 3	<i>from passage</i>	New section
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Statement of Purpose:

To prohibit private equity ownership and control of certain health care institutions and the controlling of or interference with the professional judgment and clinical decisions of certain health care providers.

[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.]