



General Assembly

Substitute Bill No. 1507

January Session, 2025



***AN ACT PROHIBITING PRIVATE EQUITY OWNERSHIP AND
CONTROL OF HOSPITALS AND HEALTH SYSTEMS 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 MANAGE 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) "Health system" means: (A) A parent corporation of one or more
3 hospitals and any entity affiliated with such parent corporation through
4 ownership, governance, membership or other means; or (B) a hospital
5 or any entity affiliated with such hospital through ownership,
6 governance, membership or other means;
- 7 (2) "Hospital" means a facility licensed as a hospital under chapter
8 368v of the general statutes;
- 9 (3) "Indirect ownership interest" means an ownership interest in an
10 entity that has an ownership interest in a hospital or health system;
- 11 (4) "Operational control" means to: (A) Influence or direct the actions
12 or policies of any part of a hospital or health system; or (B) choose,
13 appoint or terminate a member of the board, manager, managing

14 member, senior employee, consultant or other individual or entity that
15 participates in the operational oversight of a hospital or health system;

16 (5) "Ownership interest" means possession of equity in capital, stock
17 or profits of a hospital or health system or ownership of real estate on
18 which a hospital or health system operates;

19 (6) "Private equity company" means a publicly traded or nonpublicly
20 traded entity that collects capital investments from individuals or
21 entities; and

22 (7) "Real estate investment trust" has the same meaning as provided
23 in 26 USC 856, as amended from time to time.

24 (b) On and after October 1, 2025, no private equity company or real
25 estate investment trust shall (1) acquire (A) any direct or indirect
26 ownership interest in a hospital or health system, or (B) any operational
27 or financial control over a hospital or health system; or (2) increase (A)
28 any direct or indirect ownership interest that the private equity
29 company or real estate investment trust has in a hospital or health
30 system, or (B) any operational or financial control that the private equity
31 company or real estate investment trust has over a hospital or health
32 care system.

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

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

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

41 (3) "Health care practice" means a business, regardless of form,
42 through which a licensed health care provider offers health care
43 services. "Health care practice" does not include any entity that holds a

44 license to operate a facility issued by the Department of Public Health
45 or the Department of Mental Health and Addiction Services;

46 (4) "Health system" means: (A) A parent corporation of one or more
47 hospitals and any entity affiliated with such parent corporation through
48 ownership, governance, membership or other means; or (B) a hospital
49 and any entity affiliated with such hospital through ownership,
50 governance, membership or other means;

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

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

57 (b) No health care facility or entity that holds a license issued by the
58 Department of Public Health or the Department of Mental Health and
59 Addiction Services and no management services organization shall
60 directly or indirectly interfere with, control or otherwise direct the
61 professional judgment or clinical decisions of a health care practice or a
62 clinician with independent practice authority who provides health care
63 services at or through such facility or entity or at or through a health
64 care practice.

65 (c) Conduct prohibited under subsection (b) of this section shall
66 include, but need not be limited to, controlling, either directly or
67 indirectly, through discipline, punishment, threats, adverse
68 employment actions, coercion, retaliation or excessive pressure any of
69 the following: (1) The amount of time spent with patients or the number
70 of patients seen in a given time period, including, but not limited to, the
71 time permitted to triage patients in the emergency department or
72 evaluate admitted patients; (2) the time period within which a patient
73 must be discharged; (3) decisions involving the patient's clinical status,
74 including, but not limited to, whether the patient should be kept in
75 observation status, whether the patient should receive palliative care

76 and where the patient should be placed upon discharge; (4) the
77 diagnosis, diagnostic terminology or codes that are entered into the
78 medical record; (5) the appropriate diagnostic test for medical
79 conditions; or (6) any other conduct the Department of Public Health
80 determines would interfere with, control or otherwise direct the
81 professional judgment or clinical decision of a clinician with
82 independent practice authority.

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

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

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

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

<p>This act shall take effect as follows and shall amend the following sections:</p>
--

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

PH *Joint Favorable Subst.*