
OLR Bill Analysis

HB 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.

SUMMARY

This bill makes it a violation of the state's False Claims Act for an entity to (1) have an ownership or investment interest in an entity that it knows violated the False Claims Act and (2) fail to report the violation to the state within 60 days after knowing about it.

Under the bill, "ownership or investment interest" is any:

1. direct or indirect possession of equity totaling more than 10% of an entity's capital, stocks, or profits;
2. interest held by an investor or group of investors who engages in raising or returning capital and invests, develops, or disposes of specified assets; or
3. interest held by a pool of funds by investors, including a pool of funds managed or controlled by private limited partnerships, if the investors or the management of the pool or private limited partnership use investment strategies of any kind to earn a return on the pool of funds.

Separately, the bill requires the parties in a transaction that results in the lease of a hospital's main campus from a health care real estate investment trust (REIT), as defined in federal tax law, to give the attorney general and commissioner of health strategy written notice about the proposed lease at least 30 days before the transaction.

It also prohibits the public health commissioner from issuing or renewing a hospital's license if she finds, after a hearing and

opportunity to be heard, that the hospital's main campus is leased from a health care REIT, unless the lease was entered into before October 1, 2025. Under the bill, a hospital's main campus is the licensed premises within which the majority of inpatient beds are located.

EFFECTIVE DATE: October 1, 2025

FALSE CLAIMS ACT

Under the bill, an entity violates the False Claims Act if it (1) knows that an entity in which it has an ownership or investment interest did something prohibited by the act and (2) fails to report it to the state within 60 days. The prohibited actions are:

1. knowingly presenting, or causing to be presented, a false or fraudulent claim (to the state) for payment or approval;
2. knowingly making, using, or causing to be made or used, a false record or statement material to a false or fraudulent claim;
3. having possession, custody, or control of property or money used, or to be used, by the state, and knowingly delivering, or causing to be delivered, less property than the amount for which the person received a certificate or receipt;
4. being authorized to make or deliver a document certifying receipt of property used, or to be used, by the state and intending to defraud the state by making or delivering the document without completely knowing that the information on it is true;
5. knowingly buying, or receiving as a pledge of an obligation or debt, public property from a state officer or employee who may not lawfully sell or pledge the property;
6. knowingly making, using, or causing to be made or used, a false record or statement material to an obligation to pay or transmit money or property to the state;
7. knowingly concealing, or knowingly and improperly avoiding or decreasing, an obligation to pay or transmit money or property

to the state; or

8. conspiring to commit one of these prohibited actions.

By law, unchanged by the bill, violators of the False Claims Act are liable to the state for (1) civil penalties ranging from \$5,500 to \$11,000 (as adjusted for inflation under federal law); (2) three times the damages the state sustains because of the violation; and (3) the costs of prosecuting the violation. Liability is joint and several for violations committed by more than one person or entity. The law allows the treble damages to be reduced to double damages under certain circumstances (generally, if the violator gave the state information about the violation within 30 days, did not know about the state's investigation into the violation at that time, and fully cooperated with the state's investigation).

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 13 Nay 6 (03/26/2025)