
OLR Bill Analysis

SB 1539

AN ACT CONCERNING CERTIFICATES OF NEED.

SUMMARY

This bill modifies the state's Certificate of Need (CON) program for health care entities administered by the Office of Health Strategy's (OHS's) Health Systems Planning Unit (HSPU). Under the program, health care entities must generally receive CON approval when establishing new facilities or services, changing ownership, acquiring certain equipment, or terminating certain services.

Among other things, the bill does the following:

1. requires CON approval if a private equity company acquires a controlling interest (direct or indirect) in a health care facility or otherwise obtains the ability to exercise operational or managerial control or decision-making authority over the facility (§ 1);
2. requires HSPU to deny a CON application to terminate a hospital's labor and delivery services unless these services can be accessed at another hospital within 25 miles of the requesting hospital (§ 2);
3. requires the OHS commissioner, if she enters into an agreed settlement with an applicant or negotiations for one, to post notice about the settlement or negotiations on the OHS website (§ 3);
4. prohibits HSPU from granting a request for intervenor status in any public hearing held for a group practice's CON application (§ 3);
5. requires HSPU to implement an expedited CON review process

for applications to increase a licensed health care facility's bed capacity and sets related requirements for this new process (§ 3); and

6. requires OHS to post on its website notice about any CON appeal of a final decision or agreed settlement (§ 4).

The bill also makes various technical and conforming changes.

EFFECTIVE DATE: October 1, 2025

§ 3 — INTERVENOR STATUS FOR GROUP PRACTICE APPLICATIONS

Regardless of the state's CON laws, the bill prohibits HSPU from granting any request for intervenor status in a public hearing it holds on a group practice CON application.

Under the bill, a "group practice" is up to five physicians organized in a partnership, professional corporation, limited liability company (LLC), medical foundation, nonprofit corporation, faculty practice plan, or other similar entity with up to \$2 million of investments. It is one in which:

1. member physicians provide and bill substantially all of their services in the practice's name and payments are treated as group receipts;
2. the practice's overhead expenses and income are distributed by a method the practice members determine; or
3. each physician in the practice provides substantially the full range of services they normally provide through the joint use of office space, facilities, equipment, or personnel.

The bill specifies that an entity that otherwise meets these criteria is considered a group practice even if its shareholders, partners, or owners include single-physician professional corporations, LLCs, or other entities whose owners are individual physicians.

§ 3 — EXPEDITED CON REVIEW FOR INCREASING FACILITY BEDS

Regardless of existing CON laws, the bill requires HSPU to develop and implement an expedited CON review process for applications to increase a licensed health care facility's bed capacity. The unit must issue a decision on an expedited application within 30 days after receiving a complete application.

Under the bill, the expedited review process must allow HSPU to (1) resolve an application by entering into an agreed settlement, approving it (with or without conditions), or requiring the applicant to go through the normal (non-expedited) CON process and (2) not require a public hearing on an application.

If HSPU requires an applicant to apply through the normal CON process it must (1) treat the expedited review application as a properly filed CON application, (2) issue any request for additional information within 30 days after notifying the applicant that they must use the normal CON process, and (3) follow the procedures under existing law to complete the review.

Under the bill, the expedited CON review process is not considered a contested case under the Uniform Administrative Procedure Act (UAPA) and HSPU's decision on an expedited application is not considered a final decision under the UAPA.

BACKGROUND***Related Bill***

HB 7050, favorably reported by the Public Health Committee, makes various changes to the CON program, such as (1) creating a new expedited review process for applications to increase bed capacity; (2) expanding the definition of "termination of services"; and (3) increasing, from \$200,000 to \$300,000, the maximum amount OHS may charge an applicant for certain independent consultant services.

COMMITTEE ACTION

Public Health Committee

Joint Favorable

Yea 24 Nay 7 (03/27/2025)