



General Assembly

Amendment

January Session, 2025

LCO No. 9645



Offered by:

SEN. ANWAR, 3rd Dist.
REP. MCCARTHY VAHEY, 133rd Dist.
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To: Subst. Senate Bill No. 1507

File No. 614

Cal. No. 339

"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."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective July 1, 2025*) (a) As used in this section:

4 (1) "Health system" means: (A) A parent corporation of one or more
5 hospitals and any entity affiliated with such parent corporation through
6 ownership, governance, membership or other means; or (B) a hospital
7 or any entity affiliated with such hospital through ownership,
8 governance, membership or other means;

9 (2) "Hospital" means a facility licensed as a hospital under chapter
10 368v of the general statutes;

11 (3) "Main campus of a hospital" means the licensed premises within
12 which the majority of inpatient beds are located;

13 (4) "Operational control" means to: (A) Influence or direct the actions
14 or policies of any part of a hospital or health system; or (B) choose,
15 appoint or terminate a member of the board, manager, managing
16 member, senior employee, consultant or other individual or entity that
17 participates in the operational oversight of a hospital or health system;

18 (5) "Private equity entity" means any entity that collects and pools
19 capital investments from individuals or entities and purchases, as a
20 parent company or through an entity that the private equity entity owns
21 or controls, an ownership share of one or more companies;

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

24 (7) "Sale-leaseback transaction" means a transaction in which a
25 hospital enters into an agreement with a real estate investment trust to
26 sell and lease back hospital-owned real property that constitutes the
27 main campus of a hospital.

28 (b) On and after October 1, 2025, no private equity company or real
29 estate investment trust shall (1) acquire any operational control over a
30 hospital or health system; or (2) increase any operational control that the
31 private equity company or real estate investment trust has over a
32 hospital or health care system.

33 (c) On and after October 1, 2025, no hospital shall enter into a sale-
34 leaseback transaction.

35 Sec. 2. (NEW) (*Effective from passage*) (a) As used in this section:

36 (1) "Commissioner" means the Commissioner of Public Health;

37 (2) "Hospital" has the same meaning as provided in section 19a-646
38 of the general statutes; and

39 (3) "Private equity entity" means any entity that collects and pools
40 capital investments from individuals or entities and purchases, as a
41 parent company or through an entity that the private equity entity owns
42 or controls, an ownership share of one or more companies.

43 (b) Not later than October 1, 2025, and annually thereafter, each
44 hospital shall submit to the commissioner an attestation that no private
45 equity entity has a controlling interest in the hospital and that the entity
46 holding the hospital's license maintains full governance control and
47 authority over the hospital's assets and activities, including, but not
48 limited to, all clinical, operational, managerial, financial and human
49 resources matters. The commissioner shall develop a uniform template
50 to be used by hospitals for purposes of complying with the provisions
51 of this subsection.

52 (c) Nothing in this section shall be construed to prohibit a hospital or
53 any affiliate of a hospital from investing, either directly or indirectly, in
54 a joint venture.

55 Sec. 3. (NEW) (*Effective July 1, 2025*) (a) As used in this section:

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

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

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

67 or the Department of Mental Health and Addiction Services;

68 (4) "Health system" means: (A) A parent corporation of one or more
69 hospitals and any entity affiliated with such parent corporation through
70 ownership, governance, membership or other means; or (B) a hospital
71 and any entity affiliated with such hospital through ownership,
72 governance, membership or other means;

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

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

79 (b) No health care facility or entity that holds a license issued by the
80 Department of Public Health and no management services organization
81 shall exercise ultimate control over, or be delegated the power to
82 exercise ultimate control over, the professional judgment or clinical
83 decisions of a health care practice or a clinician with independent
84 practice authority who provides health care services at or through such
85 facility or entity or at or through a health care practice.

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

98 or codes that are entered into the medical record; or (5) the appropriate
99 diagnostic test for medical conditions.

100 (d) Any nondisclosure or nondisparagement agreement entered into,
101 amended or renewed on or after July 1, 2025, regarding any provision
102 of subdivisions (1) to (5), inclusive, of subsection (c) of this section, to
103 which a clinician with independent practice authority is a party shall be
104 void and unenforceable.

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

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

114 Sec. 4. (*Effective from passage*) The Commissioner of Health Strategy
115 shall evaluate whether the Attorney General should be authorized to
116 petition the Superior Court for the appointment of a receiver to manage
117 hospitals in financial distress or operational crisis. Not later than
118 October 1, 2026, the commissioner shall report, in accordance with the
119 provisions of section 11-4a of the general statutes, to the joint standing
120 committee of the General Assembly having cognizance of matters
121 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>from passage</i>	New section
Sec. 3	<i>July 1, 2025</i>	New section
Sec. 4	<i>from passage</i>	New section