



General Assembly

**Amendment**

January Session, 2025

LCO No. 9915



Offered by:

SEN. ANWAR, 3<sup>rd</sup> Dist.

REP. MCCARTHY VAHEY, 133<sup>rd</sup> Dist.

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 from passage*) (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, except any such facility the owner of which,  
11 on or before the effective date of this section, filed a petition for relief  
12 under the United States Bankruptcy Code and, as of the effective date of  
13 this section, remains in bankruptcy proceedings;

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

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

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

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

27 (7) "Sale-leaseback transaction" means a transaction in which a  
28 hospital enters into an agreement with a person, as defined in section 1-  
29 79 of the general statutes, to sell and lease back hospital-owned real  
30 property that constitutes the main campus of a hospital.

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

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

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

- 39 (1) "Commissioner" means the Commissioner of Public Health;
- 40 (2) "Controlling interest" means (A) in the case of a corporation, more  
41 than fifty per cent of the total combined voting power of all classes of  
42 stock of such corporation, and (B) in the case of a partnership,  
43 association, trust or other entity, more than fifty per cent of the capital,  
44 profits or beneficial interest in such partnership, association, trust or  
45 other entity;
- 46 (3) "Hospital" means a facility licensed as a hospital under chapter  
47 368v of the general statutes, except any such facility the owner of which,  
48 on or before the effective date of this section, filed a petition for relief  
49 under the United States Bankruptcy Code and, as of the effective date of  
50 this section, remains in bankruptcy proceedings; and
- 51 (4) "Private equity entity" means any entity that collects and pools  
52 capital investments from individuals or entities and purchases, as a  
53 parent company or through an entity that the private equity entity owns  
54 or controls, an ownership share of one or more companies.
- 55 (b) Not later than October 1, 2025, and annually thereafter, each  
56 hospital shall submit to the commissioner an attestation that no private  
57 equity entity has a controlling interest in the hospital and that the entity  
58 holding the hospital's license maintains full governance control and  
59 authority over the hospital's assets and activities, including, but not  
60 limited to, all clinical, operational, managerial, financial and human  
61 resources matters. The commissioner shall develop a uniform template  
62 to be used by hospitals for purposes of complying with the provisions  
63 of this subsection.
- 64 (c) Nothing in this section shall be construed to prohibit a hospital or  
65 any affiliate of a hospital from investing, either directly or indirectly, in  
66 a joint venture.
- 67 Sec. 3. (NEW) (*Effective from passage*) (a) As used in this section:
- 68 (1) "Advanced practice registered nurse" means an advanced practice

69 registered nurse licensed pursuant to chapter 378 of the general statutes;

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

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

79 (4) "Health system" means: (A) A parent corporation of one or more  
80 hospitals and any entity affiliated with such parent corporation through  
81 ownership, governance, membership or other means; or (B) a hospital  
82 and any entity affiliated with such hospital through ownership,  
83 governance, membership or other means; and

84 (5) "Physician" means a physician licensed pursuant to chapter 370 of  
85 the general statutes.

86 (b) On and after July 1, 2025, no health care facility or entity that holds  
87 a license issued by the Department of Public Health, except a facility that  
88 is operated by the Department of Mental Health and Addiction Services  
89 or the Department of Children and Families, shall adopt policies or  
90 procedures that direct the professional judgment or clinical decisions of  
91 a health care practice or a clinician with independent practice authority  
92 who provides health care services at or through such facility or entity or  
93 at or through a health care practice, except to the extent that the  
94 direction of such judgment or decisions is to ensure that appropriate  
95 care and services are being provided. Such direction shall not be solely  
96 for the financial benefit of the health care facility or entity.

97 (c) Conduct prohibited under subsection (b) of this section shall  
98 include adopting and implementing policies solely for the financial  
99 benefit of the health care facility or entity that control, either directly or

100 indirectly, through discipline, punishment, threats or adverse  
101 employment actions, any of the following: (1) The amount of time spent  
102 with patients or the number of patients seen in a given time period,  
103 including, but not limited to, the time permitted to triage patients in the  
104 emergency department or evaluate admitted patients; (2) the time  
105 period within which a patient must be discharged; (3) decisions  
106 involving the patient's clinical status, including, but not limited to,  
107 whether the patient should be kept in observation status, whether the  
108 patient should receive palliative care and where the patient should be  
109 placed upon discharge; (4) the final diagnosis, diagnostic terminology  
110 or codes that are entered into the medical record; or (5) the appropriate  
111 diagnostic test for medical conditions.

112 (d) Any nondisclosure or nondisparagement agreement entered into,  
113 amended or renewed on or after July 1, 2025, concerning any provision  
114 of this section, to which a clinician with independent practice authority  
115 is a party shall be void and unenforceable.

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

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

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

132 relating to public health regarding such evaluation."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section