



General Assembly

Amendment

January Session, 2025

LCO No. 10239



Offered by:

SEN. ANWAR, 3rd Dist.

REP. MCCARTHY VAHEY, 133rd 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) "Commissioner" means the Commissioner of Health Strategy;

5 (2) "Financial distress" means a situation in which (A) a hospital has
6 filed for bankruptcy protection in any court of competent jurisdiction
7 and has applied for, or received approval from, the bankruptcy court for
8 a sale-leaseback transaction, or (B) a hospital (i) has failed to meet debt
9 service payments for two consecutive payment periods, or (ii) has been

10 issued a negative going concern opinion by an auditor;

11 (3) "Hospital" has the same meaning as provided in section 19a-646
12 of the general statutes;

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

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

17 (6) "Sale-leaseback transaction" means a transaction in which a
18 hospital enters into an agreement with a real estate investment trust to
19 sell and lease back hospital-owned real property that constitutes the
20 main campus of a hospital.

21 (b) On and after October 1, 2025, except as provided in subsection (c)
22 of this section, no hospital shall enter into a sale-leaseback transaction.

23 (c) A hospital experiencing financial distress may enter into a sale-
24 leaseback transaction, provided (1) the hospital's governing body has
25 authorized the hospital to enter into a sale-leaseback transaction on an
26 expedited basis to generate revenue to remove the financial distress, and
27 (2) the hospital has notified the commissioner and the Attorney General
28 not later than ten days prior to finalizing such sale-leaseback
29 transaction. Such sale-leaseback transaction shall be exempt from any
30 approval required under sections 19a-486a to 19a-486h, inclusive, of the
31 general statutes, regardless of whether the hospital property subject to
32 the sale-leaseback transaction constitutes a material amount of the
33 hospital's assets pursuant to section 19a-486a of the general statutes.

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

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

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

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

42 (b) Not later than October 1, 2025, and annually thereafter, each
43 hospital shall submit to the commissioner an attestation that (1) no
44 private equity entity has a controlling interest in the hospital and that
45 the entity holding the hospital's license maintains full governance
46 control and authority over the hospital's assets and activities, including,
47 but not limited to, all clinical, operational, managerial, financial and
48 human resources matters, and (2) no private equity entity is permitted
49 to influence a hospital's adoption of any policy or procedure that would
50 interfere with the professional judgment or clinical decisions of duly
51 authorized clinicians, including (A) the amount of time spent with
52 patients or the number of patients seen in a given time period, (B) the
53 time permitted to triage patients in the emergency department or
54 evaluate admitted patients, (C) the time period within which a patient
55 must be discharged, (D) decisions involving a patient's clinical status,
56 including, but not limited to, whether the patient should be kept in
57 observation status, whether the patient should receive palliative care
58 and where the patient should be placed upon discharge, (E) the final
59 diagnosis, diagnostic terminology or codes that are entered into the
60 medical record, or (F) the appropriate diagnostic test for medical
61 conditions.

62 (c) The commissioner shall develop a uniform template to be used by
63 hospitals for purposes of complying with the provisions of subsection
64 (b) of this section.

65 (d) Nothing in this section shall be construed to prohibit a hospital or
66 any affiliate of a hospital from investing, either directly or indirectly, in
67 a joint venture.

68 Sec. 3. (*Effective from passage*) The Commissioner of Health Strategy
69 shall evaluate whether the Attorney General should be authorized to

70 petition the Superior Court for the appointment of a receiver to manage
71 hospitals in financial distress or operational crisis. Not later than
72 October 1, 2026, the commissioner shall report, in accordance with the
73 provisions of section 11-4a of the general statutes, to the joint standing
74 committee of the General Assembly having cognizance of matters
75 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