



Substitute Senate Bill No. 196

Public Act No. 26-22

AN ACT CONCERNING HOSPITAL SALE-LEASEBACK TRANSACTIONS AND ATTESTATIONS CONCERNING LACK OF A CONTROLLING INTEREST OF A HOSPITAL OR OF INTERFERENCE WITH THE PROFESSIONAL JUDGMENT AND CLINICAL DECISIONS OF CERTAIN HEALTH CARE PROVIDERS OF A HOSPITAL BY A PRIVATE EQUITY ENTITY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective from passage*) (a) As used in this section and section 2 of this act:

- (1) "Commissioner" means the Commissioner of Public Health;
- (2) "Controlling interest" means the direct or indirect power to direct the management and policies of the main campus of a hospital, whether through ownership of voting securities, contract or other means;
- (3) "Hospital" has the same meaning as provided in section 19a-646 of the general statutes;
- (4) "Main campus of a hospital" means the licensed premises within which the majority of inpatient beds are located;
- (5) "Private equity entity" means any entity that collects capital investments from individuals or entities and purchases, as a parent

Substitute Senate Bill No. 196

company or through another entity that the entity completely or partially owns or controls, a direct or indirect ownership share of a hospital; and

(6) "Sale-leaseback transaction" means a transaction in which a hospital enters into an agreement with a person or another entity to sell and lease back hospital-owned real property that constitutes the main campus of a hospital.

(b) On and after July 1, 2027, no hospital shall enter into a sale-leaseback transaction.

Sec. 2. (NEW) (*Effective from passage*) (a) Not later than February 15, 2027, and annually thereafter, each hospital shall submit to the commissioner, in a form and manner prescribed by the commissioner, a document containing the following information:

(1) An attestation that no private equity entity has (A) a controlling interest in a hospital, or (B) ultimate governance control and authority over any asset or activity of the main campus of a hospital, including, but not limited to, any clinical, operational, managerial, financial or human resources matter; and

(2) An attestation that no private equity entity is permitted to direct a hospital's adoption of any policy or procedure that would interfere with the professional judgment or clinical decisions of duly authorized clinicians, including (A) the amount of time spent with patients or the number of patients seen in a given time period, (B) the time permitted to triage patients in the emergency department or evaluate admitted patients, (C) the time period within which a patient must be discharged, (D) decisions involving a patient's clinical status, including, but not limited to, whether the patient should be kept in observation status, whether the patient should receive palliative care and where the patient should be placed upon discharge, (E) the final diagnosis, diagnostic

Substitute Senate Bill No. 196

terminology or codes that are entered into the medical record, or (F) the appropriate diagnostic test for medical conditions.

(b) The commissioner may impose a civil penalty of up to two thousand dollars per violation on any hospital that fails to provide an attestation required under subsection (a) of this section.

(c) A hospital shall, not later than ten business days after receipt of an order from the commissioner imposing a civil penalty under subsection (b) of this section, submit a request in writing to the Department of Public Health for a hearing to contest the order. If the hospital fails to submit such a request not later than ten business days after such receipt, the order shall be deemed a final order of the department, effective upon the expiration of such ten business days. After receipt of a timely request for a hearing, the department shall set the matter down for a hearing as a contested case in accordance with the provisions of chapter 54 of the general statutes.

(d) Nothing in this section shall be construed to (1) prohibit a hospital or any affiliate of a hospital from (A) investing, either directly or indirectly, in a joint venture, or (B) having an agreement with one or more physicians or physician groups to provide services at the hospital, or (2) interfere with a hospital coordinating with its parent health care system.