



General Assembly

January Session, 2005

Raised Bill No. 6910

LCO No. 4479

04479_____GAE

Referred to Committee on Government Administration and Elections

Introduced by:
(GAE)

AN ACT CONCERNING DISCLOSURE BY NONPROFIT HOSPITALS.

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

1 Section 1. (NEW) (*Effective from passage*) As used in this section and
2 sections 2 and 3 of this act:

3 (1) "Hospital" means a hospital awarded, or seeking to be awarded a
4 tax exemption under the provisions of section 12-81 of the general
5 statutes;

6 (2) "Based in the state" means operating one or more hospitals on
7 real property within the state;

8 (3) "Covered individual" means any officer or any board member of
9 a hospital based in the state, or of any parent or subsidiary corporation
10 of a hospital based in the state;

11 (4) "Business entity directly related to the hospital" means (A) a
12 business affiliate, parent, or subsidiary of a hospital, or (B) a supplier
13 of goods or services to a hospital with a market value of greater than
14 five hundred thousand dollars per year.

15 Sec. 2. (NEW) (*Effective from passage*) (a) The Commissioner of
16 Revenue Services shall establish a date on which each hospital based in
17 the state shall annually provide the Commissioner of Revenue Services
18 and the State Ethics Commission, with a copy of any report provided
19 by such hospital to any branch of the federal government pursuant to
20 the Internal Revenue Code. On such date, each covered individual
21 shall provide a sworn statement of financial interests to the
22 Commissioner of Revenue Services and the State Ethics Commission
23 that shall include the following information for the preceding calendar
24 year: (1) The names of all business entities directly related to the
25 hospital with which such individual, such individual's spouse, or such
26 individual's dependent children are associated; (2) the category or type
27 of all sources of income in excess of five thousand dollars received
28 from entities directly related to the hospital, including the source and
29 amounts of any such income; (3) the name of securities in excess of five
30 thousand dollars, based on the fair market value of such securities, that
31 are owned by such individual, spouse or dependent children or held in
32 the name of a corporation, partnership or trust for the benefit of such
33 individual, spouse or dependent children and that are issued by
34 entities directly related to the hospital; (4) all real property and its
35 location, whether partially owned by such individual, spouse or
36 dependent children or partially held in the name of a corporation,
37 partnership or trust for the benefit of such individual, spouse or
38 dependent children that is also partially owned by an entity directly
39 related to the hospital; (5) any leases or contracts to which the
40 individual, his or her spouse, or his or her dependent children are
41 party with the hospital or with any entity directly related to the
42 hospital.

43 (b) Any statement of financial interests described in subsection (a) of
44 this section shall be a matter of public information for purposes of
45 chapter 10 of the general statutes, except as provided in section 1-83 of
46 the general statutes.

47 (c) The chief executive officer and chief financial officer of each

48 covered hospital and business entity directly related to such hospital
49 shall annually prepare a certification that certifies that the statements
50 of financial interests filed pursuant to subsection (a) of this section by
51 such hospital's covered individuals are the statements filed by such
52 covered individuals.

53 Sec. 3. (NEW) (*Effective from passage*) (a) No hospital or any business
54 entity directly related to such hospital shall extend credit to any
55 covered individual.

56 (b) No hospital or business entity directly related to such hospital
57 shall hire as an auditor any firm that also provides to such hospital or
58 such business entity: (1) Bookkeeping or other services related to the
59 accounting records or financial statements of such hospital or business
60 entity, (2) financial information systems design and implementation,
61 (3) appraisal or valuation services, fairness opinions, or contribution-
62 in-kind reports, (4) actuarial services, (5) internal audit outsourcing
63 services, (6) management functions or human resources, (7) broker,
64 dealer, investment adviser, or investment banking services, or (8) legal
65 services and expert services unrelated to the audit.

66 (c) No officer or director of such hospital or business entity directly
67 related to such hospital shall take any action to fraudulently influence,
68 coerce, manipulate, or mislead any auditor engaged in the
69 performance of an audit of such hospital or business entity.

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

Statement of Purpose:

To require certain disclosures by nonprofit hospitals.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]