



Senate Bill No. 1100

Public Act No. 09-212

AN ACT CONCERNING MEDICAL FOUNDATIONS AND MEDICAL GROUP CLINIC CORPORATIONS.

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

Section 1. (NEW) (*Effective July 1, 2009*) As used in sections 1 to 6, inclusive, of this act:

(1) "Certificate of incorporation" means a certificate of incorporation, as defined in section 33-1002 of the general statutes, or any predecessor statute thereto;

(2) "Hospital" means a nonstock corporation organized under chapter 602 of the general statutes, or any predecessor statute thereto, or by special act and licensed as a hospital pursuant to chapter 368v of the general statutes;

(3) "Health system" means a nonstock corporation organized under chapter 602 of the general statutes, or any predecessor statute thereto, consisting of a parent corporation of one or more hospitals licensed pursuant to chapter 368v of the general statutes, and affiliated through governance, membership or some other means; and

(4) "Provider" means a physician licensed under chapter 370 of the general statutes, a chiropractor licensed under chapter 372 of the

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general statutes or a podiatrist licensed under chapter 375 of the general statutes.

Sec. 2. (NEW) (*Effective July 1, 2009*) (a) Any hospital or health system may organize and become a member of a medical foundation under the provisions of chapter 602 of the general statutes for the purpose of practicing medicine and providing health care services as a medical foundation through employees or agents of such medical foundation who are licensed pursuant to section 20-9 of the general statutes and through other providers. Such medical foundation shall be governed by a board of directors, which shall consist of an equal or greater number of providers than nonprovider employees of the members, in addition to such other directors as may be elected by the members.

(b) Any medical foundation organized on or after July 1, 2009, shall file a copy of its certificate of incorporation and any amendments to its certificate of incorporation with the Office of Health Care Access not later than ten business days after the medical foundation files such certificate of incorporation or amendment with the Secretary of the State pursuant to chapter 602 of the general statutes.

(c) Any medical group clinic corporation formed under chapter 594 of the general statutes, revision of 1958, revised to 1995, which amends its certificate of incorporation pursuant to subsection (a) of section 3 of this act, shall file with the Office of Health Care Access a copy of its certificate of incorporation and any amendments to its certificate of incorporation, including any amendment to its certificate of incorporation that complies with the requirements of subsection (a) of section 3 of this act, not later than ten business days after the medical foundation files its certificate of incorporation or any amendments to its certificate of incorporation with the Secretary of the State.

(d) Any medical foundation, regardless of when organized, shall file

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notice with the Office of Health Care Access and the Secretary of the State of its liquidation, termination, dissolution or cessation of operations not later than ten business days after a vote by its board of directors or members to take such action. Not later than ten business days after receiving a written request from the Office of Health Care Access, a medical foundation shall provide the Office of Health Care Access with a statement of its mission and a description of the services it provides, and a description of any significant change in its services during the preceding year as reported on the medical foundation's most recently filed Internal Revenue Service return of organization exempt from income tax form, or any replacement form adopted by the Internal Revenue Service.

(e) A medical foundation shall not operate for profit and may operate at such locations as are designated by its members.

Sec. 3. (NEW) (*Effective July 1, 2009*) (a) Sections 1 to 6, inclusive, of this act shall not apply to any corporation, including a corporation described in section 6 of this act, organized for the purposes of practicing medicine and providing health care services to the public under any other law authorizing the provision of such services by a corporation that was valid at the time of such corporation's organization. Any such corporation may bring itself within the provisions of sections 1 to 6, inclusive, of this act by amending its certificate of incorporation in such manner as to be consistent with the requirements of sections 1 to 6, inclusive, of this act and by affirmatively stating in the amended certificate of incorporation that the members have elected to bring the corporation within the provisions of sections 1 to 6, inclusive, of this act. To the extent that such corporation has a current provider agreement with the Department of Social Services, the provider agreement shall remain in effect regardless of any amendment to the corporation's certificate of incorporation.

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(b) A medical group clinic corporation formed under chapter 594 of the general statutes, revision of 1958, revised to 1995, and in existence on September 30, 1995, and continuing to operate as such a corporation from September 30, 1995, until July 1, 2009, shall continue to be duly organized if such corporation elects not later than July 1, 2010, to bring itself within the provisions of sections 1 to 6, inclusive, of this act in the manner described in subsection (a) of this section.

Sec. 4. (NEW) (*Effective July 1, 2009*) No medical foundation organized under sections 1 to 6, inclusive, of this act shall engage in any business other than the rendering of health care services for which it was specifically incorporated, except that nothing in sections 1 to 6, inclusive, of this act or in any other provision of law applicable to corporations shall be interpreted to prohibit such medical foundation from investing its funds in real estate, mortgages, stocks, bonds or any other type of investments, or from owning real or personal property incident to the rendering of professional services.

Sec. 5. (NEW) (*Effective July 1, 2009*) Notwithstanding the provisions of subsection (a) of section 33-1045 of the general statutes, the corporate name of a medical foundation organized under sections 1 to 6, inclusive, of this act shall contain the words "corporation" or the abbreviation "Inc." or "Corp.", and shall also contain either a word or words descriptive of the professional service to be rendered by the medical foundation or shall include a reference to the name of the member hospital or health system.

Sec. 6. (NEW) (*Effective July 1, 2009*) Chapter 602 of the general statutes is applicable to a medical foundation organized pursuant to sections 1 to 6, inclusive, of this act, except to the extent that any of the provisions of sections 1 to 6, inclusive, of this act are interpreted to be in conflict with the provisions of said chapter 602, in which event the provisions of sections 1 to 6, inclusive, of this act shall take precedence with respect to such medical foundation. A medical foundation

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organized under sections 1 to 6, inclusive, of this act may consolidate or merge only with another medical foundation organized under sections 1 to 6, inclusive, of this act or under chapter 594 of the general statutes, revision of 1958, revised to 1995, that is duly organized pursuant to section 1 to 6, inclusive, of this act, a professional corporation organized under chapter 594a of the general statutes, a limited liability company organized under chapter 613 of the general statutes or a partnership or limited liability partnership organized under chapter 614 of the general statutes, if such corporation, company or partnership is organized to render the same specific professional services.

Sec. 7. Section 33-182i of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2009*):

Chapter 601 is applicable to a corporation organized pursuant to this chapter except to the extent that any of the provisions of this chapter are interpreted to be in conflict with the provisions of chapter 601, in which event the provisions of this chapter shall take precedence with respect to a corporation organized pursuant to the provisions of this chapter. A professional corporation organized under this chapter may consolidate or merge only with another professional corporation organized under this chapter, a limited liability company organized under chapter 613, [or] a partnership or limited liability partnership organized under chapter 614 or a medical foundation organized under sections 1 to 6, inclusive of this act, if such corporation, company, [or] partnership or medical foundation is organized to render the same specific professional service. A merger or consolidation of any professional corporation organized under this chapter with any foreign corporation, foreign limited liability company, foreign partnership or foreign limited liability partnership is prohibited.

Sec. 8. Section 19a-630a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2009*):

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As used in sections 19a-638 to 19-639c, inclusive, "affiliate" means a person, entity or organization controlling, controlled by or under common control with another person, entity or organization. In addition to other means of being controlled, a person is deemed controlled by another person if the other person, or one of that other person's affiliates, officers or management employees, acting in such capacity, acts as a general partner of a general or limited partnership or manager of a limited liability company. "Affiliate" does not include a medical foundation organized under sections 1 to 6, inclusive, of this act.

Approved July 8, 2009