



General Assembly

February Session, 2014

Governor's Bill No. 35

LCO No. 567



Referred to Committee on PUBLIC HEALTH

Introduced by:

SEN. WILLIAMS, 29th Dist.

SEN. LOONEY, 11th Dist.

REP. SHARKEY, 88th Dist.

REP. ARESIMOWICZ, 30th Dist.

**AN ACT CONCERNING NOTICE OF ACQUISITIONS, JOINT
VENTURES AND AFFILIATIONS OF GROUP MEDICAL PRACTICES.**

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

1 Section 1. (NEW) (*Effective October 1, 2014*) (a) As used in this
2 section:

3 (1) "Hospital" has the same meaning as provided in section 19a-490
4 of the general statutes;

5 (2) "Hospital system" means an organization or entity that owns one
6 or more hospitals or is affiliated with one or more hospitals and has
7 financial or administrative control over the hospitals and their
8 operations;

9 (3) "Health care provider" has the same meaning as provided in
10 section 19a-17b of the general statutes;

11 (4) "Physician" has the same meaning as provided in section 20-13a
12 of the general statutes;

13 (5) "Person" has the same meaning as provided in section 35-25 of
14 the general statutes;

15 (6) "Group practice" means two or more physicians, legally
16 organized in a partnership, professional corporation, foundation, not-
17 for-profit corporation, faculty practice plan, or similar association (A)
18 in which each physician who is a member of the group provides
19 substantially the full range of services which the physician routinely
20 provides, including, but not limited to, medical care, consultation,
21 diagnosis or treatment, through the joint use of shared office space,
22 facilities, equipment or personnel; (B) for which substantially all of the
23 services of the physicians who are members of the group are provided
24 through the group and are billed in the name of the group and
25 amounts so received are treated as receipts of the group; or (C) in
26 which the overhead expenses of and the income from the practice are
27 distributed in accordance with methods previously determined by
28 members of the group. An entity that otherwise meets the definition of
29 group practice under this section shall be considered a group practice
30 although its shareholders, partners or owners of the group practice
31 include single-physician professional corporations or other legal
32 entities in which beneficial owners are individual physicians; and

33 (7) "Primary service area" means the smallest number of
34 municipalities from which the group practice draws at least seventy-
35 five per cent of its patients.

36 (b) At the same time that any person conducting business in this
37 state that files merger, acquisition or any other information regarding
38 market concentration with the Federal Trade Commission or the
39 United States Department of Justice, in compliance with the Hart-
40 Scott-Rodino Antitrust Improvements Act, 15 USC 18a, where a
41 hospital or other health care provider is a party to the merger or

42 acquisition that is the subject of such information, such persons shall
43 provide written notification to the Attorney General of such filing and,
44 upon the request of the Attorney General, provide a copy of such
45 merger, acquisition or other information.

46 (c) Not less than ninety days prior to the effective date of any
47 transaction that results in a material change to the business or
48 corporate structure of a group practice, the parties to the transaction
49 shall submit written notice to the Attorney General of such material
50 change. For purposes of this subsection, a material change includes a
51 group practice's: (1) Merger or other affiliation with a hospital or
52 hospital system; (2) acquisition by a hospital or hospital system; (3)
53 acquisition of one or more insolvent group practices; (4) merger with,
54 or acquisition of, another group practice; and (5) formation of a
55 partnership, joint venture, common entity, accountable care
56 organization or parent corporation for the purpose of contracting on
57 behalf of one or more group practices. The written notice required
58 under this subsection shall identify each party to the transaction and
59 describe the material change to the business or corporate structure of
60 the group practice, including: (A) A description of the nature of the
61 proposed relationship among the parties to the proposed transaction;
62 (B) the names and specialties of each physician that intends to practice
63 medicine with the resulting group practice; (C) the names of the
64 business entities that are to provide services as part of the resulting
65 group practice and the address for each location where such services
66 are to be provided; (D) a description of the services to be provided at
67 each such location; and (E) the primary service area to be served by
68 each such location.

69 (d) Written information submitted to the Attorney General pursuant
70 to subsections (b) and (c) of this section shall be maintained and used
71 by the Attorney General in the same manner as provided in section 35-
72 42 of the general statutes.

73 (e) Not later than December 31, 2014, and annually thereafter, each

74 hospital and hospital system shall file with the Attorney General and
75 the Commissioner of Public Health a written report describing the
76 activities of the group practices owned or affiliated with such hospital
77 or hospital system. Such report shall include, for each such group
78 practice: (1) A description of the nature of the relationship between the
79 hospital or hospital system and the group practice; (2) the names and
80 specialties of each physician practicing medicine with the group
81 practice; (3) the names of the business entities that provide services as
82 part of the group practice and the address for each location where such
83 services are provided; (4) a description of the services provided at each
84 such location; and (5) the primary service area to be served by each
85 such location.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2014	New section

Statement of Purpose:

To implement the Governor's recommendations concerning notice of acquisitions, joint ventures and affiliations of group medical practices.

[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.]