



General Assembly

Substitute Bill No. 35

February Session, 2014



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) "Captive professional entity" means a professional corporation,
4 limited liability company or other entity formed to render professional
5 services in which a beneficial owner is a physician employed by or
6 otherwise designated by a hospital or hospital system;

7 (2) "Hospital" has the same meaning as provided in section 19a-490
8 of the general statutes;

9 (3) "Hospital system" means: (A) A parent corporation of one or
10 more hospitals and any entity affiliated with such parent corporation
11 through ownership, governance, membership or other means, or (B) a
12 hospital and any entity affiliated with such hospital through
13 ownership, governance, membership or other means;

14 (4) "Health care provider" has the same meaning as provided in
15 section 19a-17b of the general statutes;

16 (5) "Medical foundation" means a medical foundation formed under

17 chapter 594b of the general statutes;

18 (6) "Physician" has the same meaning as provided in section 20-13a
19 of the general statutes;

20 (7) "Person" has the same meaning as provided in section 35-25 of
21 the general statutes;

22 (8) "Professional corporation" has the same meaning as provided in
23 section 33-182a of the general statutes;

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

44 (10) "Primary service area" means the smallest number of zip codes
45 from which the group practice draws at least seventy-five per cent of
46 its patients.

47 (b) At the same time that any person conducting business in this

48 state that files merger, acquisition or any other information regarding
49 market concentration with the Federal Trade Commission or the
50 United States Department of Justice, in compliance with the Hart-
51 Scott-Rodino Antitrust Improvements Act, 15 USC 18a, where a
52 hospital, hospital system or other health care provider is a party to the
53 merger or acquisition that is the subject of such information, such
54 person shall provide written notification to the Attorney General of
55 such filing and, upon the request of the Attorney General, provide a
56 copy of such merger, acquisition or other information.

57 (c) Except for acquisitions described in subdivision (4) of this
58 subsection, not less than ninety days prior to the effective date of any
59 transaction that results in a material change to the business or
60 corporate structure of a group practice, the parties to the transaction
61 shall submit written notice to the Attorney General of such material
62 change. For an acquisition of an insolvent group practice, as described
63 in subdivision (4) of this subsection, the parties to the transaction shall
64 submit written notice to the Attorney General not less than thirty days
65 prior to the effective date of the transaction. For purposes of this
66 subsection, a material change to the business or corporate structure of
67 a group practice includes: (1) The merger, consolidation or other
68 affiliation of a group practice with (A) another group practice that
69 results in a group practice comprised of eight or more physicians, or
70 (B) a hospital, hospital system, captive professional entity, medical
71 foundation or other entity organized or controlled by such hospital or
72 hospital system; (2) the acquisition of all or substantially all of (A) the
73 properties and assets of a group practice, or (B) the capital stock,
74 membership interests or other equity interests of a group practice by (i)
75 another group practice that results in a group practice comprised of
76 eight or more physicians, or (ii) a hospital, hospital system, captive
77 professional entity, medical foundation or other entity organized or
78 controlled by such hospital or hospital system; (3) the employment of
79 all or substantially all of the physicians of a group practice by (A)
80 another group practice that results in a group practice comprised of
81 eight or more physicians, or (B) a hospital, hospital system, captive

82 professional entity, medical foundation or other entity organized by,
83 controlled by or otherwise affiliated with such hospital or hospital
84 system; (4) the acquisition of one or more insolvent group practices by
85 (A) another group practice that results in a group practice comprised
86 of eight or more physicians, or (B) a hospital, hospital system, captive
87 professional entity, medical foundation or other entity organized by,
88 controlled by or otherwise affiliated with such hospital or hospital
89 system; and (5) the formation of a partnership, joint venture, common
90 entity, accountable care organization or parent corporation for the
91 purpose of contracting or providing services on behalf of one or more
92 group practices.

93 (d) The written notice required under subsection (c) of this section
94 shall identify each party to the transaction and describe the material
95 change to the business or corporate structure of the group practice,
96 including: (1) A description of the nature of the proposed relationship
97 among the parties to the proposed transaction; (2) the names and
98 specialties of each physician that is a member of the group practice
99 that is the subject of the proposed transaction and who will practice
100 medicine with the resulting group practice, hospital, hospital system,
101 captive professional entity, medical foundation or other entity
102 organized by, controlled by, or otherwise affiliated with such hospital
103 or hospital system following the effective date of the transaction; (3)
104 the names of the business entities that are to provide services following
105 the effective date of the transaction; (4) the address for each location
106 where such services are to be provided; (5) a description of the services
107 to be provided at each such location; and (6) the primary service area
108 to be served by each such location.

109 (e) Written information submitted to the Attorney General pursuant
110 to subsections (b) to (d), inclusive, of this section shall be maintained
111 and used by the Attorney General in the same manner as provided in
112 section 35-42 of the general statutes.

113 (f) Not later than December 31, 2014, and annually thereafter, each
114 hospital and hospital system shall file with the Attorney General and

115 the Commissioner of Public Health a written report describing the
116 activities of the group practices owned or affiliated with such hospital
117 or hospital system. Such report shall include, for each such group
118 practice: (1) A description of the nature of the relationship between the
119 hospital or hospital system and the group practice; (2) the names and
120 specialties of each physician practicing medicine with the group
121 practice; (3) the names of the business entities that provide services as
122 part of the group practice and the address for each location where such
123 services are provided; (4) a description of the services provided at each
124 such location; and (5) the primary service area served by each such
125 location.

126 (g) Not later than December 31, 2014, and annually thereafter, each
127 group practice comprised of thirty or more physicians that is not the
128 subject of a report filed under subsection (f) of this section shall file
129 with the Attorney General and the Commissioner of Public Health a
130 written report concerning the group practice. Such report shall include,
131 for each such group practice: (1) The names and specialties of each
132 physician practicing medicine with the group practice; (2) the names of
133 the business entities that provide services as part of the group practice
134 and the address for each location where such services are provided; (3)
135 a description of the services provided at each such location; and (4) the
136 primary service area served by each such location.

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

PH *Joint Favorable Subst.*

APP *Joint Favorable*