



General Assembly

Amendment

February Session, 2014

LCO No. 3850

SB0003503850SD0

Offered by:

SEN. LOONEY, 11th Dist.
SEN. GERRATANA, 6th Dist.
SEN. FASANO, 34th Dist.

To: Subst. Senate Bill No. 35

File No. 419

Cal. No. 286

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

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. Section 19a-630 of the general statutes is repealed and the
4 following is substituted in lieu thereof (*Effective October 1, 2014*):

5 As used in this chapter, unless the context otherwise requires:

6 (1) "Affiliate" means a person, entity or organization controlling,
7 controlled by or under common control with another person, entity or
8 organization. Affiliate does not include a medical foundation
9 organized under chapter 594b.

10 (2) "Applicant" means any person or health care facility that applies
11 for a certificate of need pursuant to section 19a-639a.

12 (3) "Bed capacity" means the total number of inpatient beds in a
13 facility licensed by the Department of Public Health under sections
14 19a-490 to 19a-503, inclusive.

15 (4) "Capital expenditure" means an expenditure that under
16 generally accepted accounting principles consistently applied is not
17 properly chargeable as an expense of operation or maintenance and
18 includes acquisition by purchase, transfer, lease or comparable
19 arrangement, or through donation, if the expenditure would have been
20 considered a capital expenditure had the acquisition been by purchase.

21 (5) "Certificate of need" means a certificate issued by the office.

22 (6) "Days" means calendar days.

23 (7) "Deputy commissioner" means the deputy commissioner of
24 Public Health who oversees the Office of Health Care Access division
25 of the Department of Public Health.

26 (8) "Commissioner" means the Commissioner of Public Health.

27 (9) "Free clinic" means a private, nonprofit community-based
28 organization that provides medical, dental, pharmaceutical or mental
29 health services at reduced cost or no cost to low-income, uninsured
30 and underinsured individuals.

31 (10) "Health care facility" means (A) hospitals licensed by the
32 Department of Public Health under chapter 368v; (B) specialty
33 hospitals; (C) freestanding emergency departments; (D) outpatient
34 surgical facilities, as defined in section 19a-493b and licensed under
35 chapter 368v; (E) a hospital or other facility or institution operated by
36 the state that provides services that are eligible for reimbursement
37 under Title XVIII or XIX of the federal Social Security Act, 42 USC 301,
38 as amended; (F) a central service facility; (G) mental health facilities;
39 (H) substance abuse treatment facilities; and (I) any other facility
40 requiring certificate of need review pursuant to subsection (a) of
41 section 19a-638. "Health care facility" includes any parent company,

42 subsidiary, affiliate or joint venture, or any combination thereof, of any
43 such facility.

44 (11) "Hospital" means a hospital licensed by the Department of
45 Public Health under chapter 368v.

46 (12) "Medical foundation" means a medical foundation formed
47 under chapter 594b.

48 ~~[(11)]~~ (13) "Nonhospital based" means located at a site other than the
49 main campus of the hospital.

50 ~~[(12)]~~ (14) "Office" means the Office of Health Care Access division
51 within the Department of Public Health.

52 ~~[(13)]~~ (15) "Person" means any individual, partnership, corporation,
53 limited liability company, association, governmental subdivision,
54 agency or public or private organization of any character, but does not
55 include the agency conducting the proceeding.

56 ~~[(14)]~~ (16) "Transfer of ownership" means a transfer that impacts or
57 changes the governance or controlling body of a health care facility or
58 institution, including, but not limited to, all affiliations, mergers or any
59 sale or transfer of net assets of a health care facility.

60 Sec. 502. Subsection (a) of section 19a-638 of the 2014 supplement to
61 the general statutes is repealed and the following is substituted in lieu
62 thereof (*Effective October 1, 2014*):

63 (a) A certificate of need issued by the office shall be required for:

64 (1) The establishment of a new health care facility;

65 (2) A transfer of ownership of a health care facility;

66 (3) A transfer of ownership of a group practice, as defined in section
67 1 of this act, to (A) a hospital, (B) a health system, as defined in section
68 33-182aa, (C) a hospital system, as defined in section 1 of this act, (D) a

69 captive professional entity, as defined in section 1 of this act, (E) a
70 medical foundation, or (F) any other entity that is owned by, or an
71 affiliate of, a hospital;

72 [(3)] (4) The establishment of a freestanding emergency department;

73 [(4)] (5) The termination of inpatient or outpatient services offered
74 by a hospital, including, but not limited to, the termination by a short-
75 term acute care general hospital or children's hospital of inpatient and
76 outpatient mental health and substance abuse services;

77 [(5)] (6) The establishment of an outpatient surgical facility, as
78 defined in section 19a-493b, or as established by a short-term acute
79 care general hospital;

80 [(6)] (7) The termination of surgical services by an outpatient
81 surgical facility, as defined in section 19a-493b, or a facility that
82 provides outpatient surgical services as part of the outpatient surgery
83 department of a short-term acute care general hospital, provided
84 termination of outpatient surgical services due to (A) insufficient
85 patient volume, or (B) the termination of any subspecialty surgical
86 service, shall not require certificate of need approval;

87 [(7)] (8) The termination of an emergency department by a short-
88 term acute care general hospital;

89 [(8)] (9) The establishment of cardiac services, including inpatient
90 and outpatient cardiac catheterization, interventional cardiology and
91 cardiovascular surgery;

92 [(9)] (10) The acquisition of computed tomography scanners,
93 magnetic resonance imaging scanners, positron emission tomography
94 scanners or positron emission tomography-computed tomography
95 scanners, by any person, physician, provider, short-term acute care
96 general hospital or children's hospital, except as provided for in
97 subdivision (22) of subsection (b) of this section;

98 ~~[(10)]~~ ~~(11)~~ The acquisition of nonhospital based linear accelerators;

99 ~~[(11)]~~ ~~(12)~~ An increase in the licensed bed capacity of a health care
100 facility;

101 ~~[(12)]~~ ~~(13)~~ The acquisition of equipment utilizing technology that
102 has not previously been utilized in the state;

103 ~~[(13)]~~ ~~(14)~~ An increase of two or more operating rooms within any
104 three-year period, commencing on and after October 1, 2010, by an
105 outpatient surgical facility, as defined in section 19a-493b, or by a
106 short-term acute care general hospital; and

107 ~~[(14)]~~ ~~(15)~~ The termination of inpatient or outpatient services offered
108 by a hospital or other facility or institution operated by the state that
109 provides services that are eligible for reimbursement under Title XVIII
110 or XIX of the federal Social Security Act, 42 USC 301, as amended.

111 Sec. 503. Section 19a-639 of the 2014 supplement to the general
112 statutes is repealed and the following is substituted in lieu thereof
113 (*Effective October 1, 2014*):

114 (a) In any deliberations involving a certificate of need application
115 filed pursuant to section 19a-638, as amended by this act, the office
116 shall take into consideration and make written findings concerning
117 each of the following guidelines and principles:

118 (1) Whether the proposed project is consistent with any applicable
119 policies and standards adopted in regulations by the Department of
120 Public Health;

121 (2) The relationship of the proposed project to the state-wide health
122 care facilities and services plan;

123 (3) Whether there is a clear public need for the health care facility or
124 services proposed by the applicant;

125 (4) Whether the applicant has satisfactorily demonstrated how the

126 proposal will impact the financial strength of the health care system in
127 the state or that the proposal is financially feasible for the applicant;

128 (5) Whether the applicant has satisfactorily demonstrated how the
129 proposal will improve quality, accessibility and cost effectiveness of
130 health care delivery in the region, including, but not limited to, (A)
131 provision of or any change in the access to services for Medicaid
132 recipients and indigent persons, and (B) the impact upon the cost
133 effectiveness of providing access to services provided under the
134 Medicaid program;

135 (6) The applicant's past and proposed provision of health care
136 services to relevant patient populations and payer mix, including, but
137 not limited to, access to services by Medicaid recipients and indigent
138 persons;

139 (7) Whether the applicant has satisfactorily identified the population
140 to be served by the proposed project and satisfactorily demonstrated
141 that the identified population has a need for the proposed services;

142 (8) The utilization of existing health care facilities and health care
143 services in the service area of the applicant;

144 (9) Whether the applicant has satisfactorily demonstrated that the
145 proposed project shall not result in an unnecessary duplication of
146 existing or approved health care services or facilities; [and]

147 (10) Whether an applicant, who has failed to provide or reduced
148 access to services by Medicaid recipients or indigent persons, has
149 demonstrated good cause for doing so, which shall not be
150 demonstrated solely on the basis of differences in reimbursement rates
151 between Medicaid and other health care payers;

152 (11) The effect on the diversity of health care providers and patient
153 choice in the geographic region; and

154 (12) The effect of any consolidation on market share and any

155 potential adverse effect on health care costs.

156 (b) The office, as it deems necessary, may revise or supplement the
157 guidelines and principles through regulation prescribed in subsection

158 (a) of this section."

This act shall take effect as follows and shall amend the following sections:		
Sec. 501	<i>October 1, 2014</i>	19a-630
Sec. 502	<i>October 1, 2014</i>	19a-638(a)
Sec. 503	<i>October 1, 2014</i>	19a-639