AN ACT CONCERNING MATTERS AFFECTING PHYSICIANS AND HOSPITALS.

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

Section 1. (NEW) (Effective from passage) (a) For purposes of this section: (1) "Covenant not to compete" means any contract or agreement that restricts the right of a physician to practice medicine in any geographic area of the state for any period of time following termination of the physician's employment or any other contract for professional services; (2) "affiliate" means a person, entity or organization controlling, controlled by, or under common control with another person, entity or organization; and (3) "captive professional entity" has the same meaning as provided in section 19a-486i of the general statutes, as amended by this act.

(b) Any covenant not to compete in an employment agreement or other contract for professional services that is entered into, amended or renewed on or after January 1, 2017, with a physician licensed under chapter 370 of the general statutes is against public policy and shall be void and unenforceable, except: (1) A covenant not to compete in an
employment agreement or other contract for professional services that is entered into between a physician and a hospital, health system, as defined in section 19a-508c of the general statutes, medical school or medical foundation, organized under chapter 594b of the general statutes, is reasonable and enforceable if it restricts the physician's competitive activities only (A) for a period of not more than two years, (B) in a geographic region of not more than fifteen miles from the primary site where such physician practices under the terms of such agreement or contract, and (C) to practice medicine with another hospital, a health system, as defined in section 19a-508c of the general statutes, a medical school or a medical foundation, organized under chapter 594b of the general statutes; and (2) a covenant not to compete in an employment agreement or other contract for professional services that is entered into between a physician and a professional partnership, professional corporation or limited liability company that is not a captive professional entity and is formed to render professional medical services and in which each partner, shareholder or member is a physician licensed under chapter 370 of the general statutes, is reasonable and enforceable if it restricts the physician's competitive activities only (A) for a period of not more than two years, and (B) in a geographic region of not more than fifteen miles from the primary site where such physician practices under the terms of such agreement or contract.

(c) The remaining provisions of any employment agreement or other contract for professional services that contains a covenant not to compete that is rendered void and unenforceable under the provisions of this section shall remain in full force and effect.

Sec. 2. Subdivision (2) of subsection (a) of section 19a-486i of the 2016 supplement to the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2016):

(2) "Captive professional entity" means a partnership, professional corporation, limited liability company or other entity formed to render
professional services in which a partner, a member, a shareholder or a beneficial owner is a physician employed by, controlled by or otherwise designated by (A) a hospital, (B) a hospital system, (C) an insurance company, (D) any other corporate entity, or (E) any entity affiliated, as defined in section 1 of this act, with an entity described in subparagraphs (A) to (C), inclusive, of this subdivision;

Sec. 3. Subsection (a) of section 19a-638 of the 2016 supplement to the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2016):

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

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

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

(3) A transfer of ownership of a large group practice to any entity, [other than a (A) physician, or (B) group of two or more physicians, legally organized in a partnership, professional corporation or limited liability company formed to render professional services and not employed by or an affiliate of any hospital, medical foundation, insurance company or other similar entity] except a transfer of ownership to a group practice, as defined in section 19a-486i, as amended by this act, provided such group practice is not a captive professional entity, as defined in section 19a-486i, as amended by this act;

(4) The establishment of a freestanding emergency department;

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

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

(8) The termination of an emergency department by a short-term acute care general hospital;

(9) The establishment of cardiac services, including inpatient and outpatient cardiac catheterization, interventional cardiology and cardiovascular surgery;

(10) The acquisition of computed tomography scanners, magnetic resonance imaging scanners, positron emission tomography scanners or positron emission tomography-computed tomography scanners, by any person, physician, provider, short-term acute care general hospital or children's hospital, except (A) as provided for in subdivision (22) of subsection (b) of this section, and (B) a certificate of need issued by the office shall not be required where such scanner is a replacement for a scanner that was previously acquired through certificate of need approval or a certificate of need determination;

(11) The acquisition of nonhospital based linear accelerators;

(12) An increase in the licensed bed capacity of a health care facility;

(13) The acquisition of equipment utilizing technology that has not previously been utilized in the state;

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

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

Sec. 4. Section 20-9 of the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2016):

(a) No person shall, for compensation, gain or reward, received or expected, diagnose, treat, operate for or prescribe for any injury, deformity, ailment or disease, actual or imaginary, of another person, nor practice surgery, until he or she has obtained such a license as provided in section 20-10, and then only in the kind or branch of practice stated in such license.

(b) The provisions of this chapter shall not apply to:

(1) Dentists while practicing dentistry only;

(2) Any person in the employ of the United States government while acting in the scope of his employment;

(3) Any person who furnishes medical or surgical assistance in cases of sudden emergency;

(4) Any person residing out of this state who is employed to come into this state to render temporary assistance to or consult with any physician or surgeon who has been licensed in conformity with the provisions of this chapter;

(5) Any physician or surgeon residing out of this state who holds a current license in good standing in another state and who is employed to come into this state to treat, operate or prescribe for any injury, deformity, ailment or disease from which the person who employed such physician, or the person on behalf of whom such physician is
employed, is suffering at the time when such nonresident physician or
surgeon is so employed, provided such physician or surgeon may
practice in this state without a Connecticut license for a period not to
exceed thirty consecutive days;

(6) Any person rendering service as (A) an advanced practice
registered nurse if such service is rendered in accordance with section
20-87a, or (B) an advanced practice registered nurse maintaining
classification from the American Association of Nurse Anesthetists if
such service is under the direction of a licensed physician;

(7) Any nurse-midwife practicing nurse-midwifery in accordance
with the provisions of chapter 377;

(8) Any podiatrist licensed in accordance with the provisions of
chapter 375;

(9) Any Christian Science practitioner who does not use or prescribe
in his practice any drugs, poisons, medicines, chemicals, nostrums or
surgery;

(10) Any person licensed to practice any of the healing arts named
in section 20-1, who does not use or prescribe in his practice any drugs,
medicines, poisons, chemicals, nostrums or surgery;

(11) Any graduate of any school or institution giving instruction in
the healing arts who has been issued a permit in accordance with
subsection (a) of section 20-11a and who is serving as an intern,
resident or medical officer candidate in a hospital;

(12) Any student participating in a clinical clerkship program who
has the qualifications specified in subsection (b) of section 20-11a;

(13) Any person, otherwise qualified to practice medicine in this
state except that he is a graduate of a medical school located outside of
the United States or the Dominion of Canada which school is
recognized by the American Medical Association or the World Health
Organization, to whom the Connecticut Medical Examining Board, subject to such regulations as the Commissioner of Public Health, with advice and assistance from the board, prescribes, has issued a permit to serve as an intern or resident in a hospital in this state for the purpose of extending his or her education;

(14) Any person rendering service as a physician assistant licensed pursuant to section 20-12b, a registered nurse, a licensed practical nurse or a paramedic, as defined in subdivision (15) of section 19a-175, acting within the scope of regulations adopted pursuant to section 19a-179, if such service is rendered under the supervision, control and responsibility of a licensed physician;

(15) Any student enrolled in an accredited physician assistant program or paramedic program approved in accordance with regulations adopted pursuant to section 19a-179, who is performing such work as is incidental to his course of study;

(16) Any person who, on June 1, 1993, has worked continuously in this state since 1979 performing diagnostic radiology services and who, as of October 31, 1997, continued to render such services under the supervision, control and responsibility of a licensed physician solely within the setting where such person was employed on June 1, 1993;

(17) Any person practicing athletic training, as defined in section 20-65f;

(18) When deemed by the Connecticut Medical Examining Board to be in the public's interest, based on such considerations as academic attainments, specialty board certification and years of experience, to a foreign physician or surgeon whose professional activities shall be confined within the confines of a recognized medical school;

(19) Any technician engaging in tattooing in accordance with the provisions of section 20-266o or 20-266p and any regulations adopted thereunder;
(20) Any person practicing perfusion, as defined in section 20-162aa;

(21) Any foreign physician or surgeon (A) participating in supervised clinical training under the direct supervision and control of a physician or surgeon licensed in accordance with the provisions of this chapter, and (B) whose professional activities are confined to a licensed hospital that has a residency program accredited by the Accreditation Council for Graduate Medical Education or that is a primary affiliated teaching hospital of a medical school accredited by the Liaison Committee on Medical Education. Such hospital shall verify that the foreign physician or surgeon holds a current valid license in another country; or

(22) Any person practicing as a nuclear medicine technologist, as defined in section 20-74uu, while performing under the supervision and direction of a physician licensed in accordance with the provisions of this chapter.

(c) This section shall not authorize anyone to practice optometry, as defined in chapter 380, or to practice dentistry, as defined in chapter 379, or dental hygiene, as defined in chapter 379a.

(d) The provisions of subsection (a) of this section shall apply to any individual whose practice of medicine includes any ongoing, regular or contractual arrangement whereby, regardless of residency in this or any other state, he or she provides, through electronic communications or interstate commerce, diagnostic or treatment services, including primary diagnosis of pathology specimens, slides or images, to any person located in this state. In the case of electronic transmissions of radiographic images, licensure shall be required for an out-of-state physician who provides, through an ongoing, regular or contractual arrangement, official written reports of diagnostic evaluations of such images to physicians or patients in this state. The provisions of subsection (a) of this section shall not apply to a nonresident physician who, while located outside this state, consults (A) on an irregular basis
with a physician licensed by section 20-10 who is located in this state or (B) with a medical school within this state for educational or medical training purposes. Notwithstanding the provisions of this subsection, the provisions of subsection (a) of this section shall not apply to any individual who regularly provides the types of services described in this subsection pursuant to any agreement or arrangement with a short-term acute care general hospital, licensed by the Department of Public Health, provided such agreement or arrangement was entered into prior to February 1, 1996, and is in effect as of October 1, 1996.

(e) On and after October 1, 1999, any person licensed as an osteopathic physician or osteopath pursuant to chapter 371 shall be deemed licensed as a physician and surgeon pursuant to this chapter.

(f) No corporation shall practice medicine. A corporation is not engaged in the practice of medicine in violation of this subsection if the corporation employs or enters into an agreement with one or more licensed physicians who provide medical services on behalf of the corporation or other entity, provided the relationship between the corporation and the physician does not, directly or indirectly (1) supplant, diminish, regulate or improperly influence the physician's independent judgment concerning the physician's practice of medicine, including, but not limited to, the physician's diagnosis or treatment of any patient, or (2) interfere with the physician-patient relationship. Any agreement that violates the provisions of this subsection shall be null and void.

Sec. 5. (NEW) (Effective October 1, 2016) Any corporation that employs or contracts, directly or indirectly, through one or more affiliated entities, including, but not limited to, any captive professional entity, as defined in section 19a-486i of the general statutes, as amended by this act, for the services of one or more physicians shall submit a report on or before January 1, 2017, and annually thereafter, to the Office of Health Care Access division of the
Department of Public Health and the Attorney General. Such report shall include: (1) The name and address of the corporation or other entity that employs or contracts for the services of the physicians; (2) the name and specialty of each physician; (3) the location or locations where each physician practices; (4) a description of the services provided at each such location; (5) a copy of the corporation's or other entity's governing documents and bylaws; and (6) a copy of any statement of policy intended to ensure compliance with the provisions of subsection (f) of section 20-9 of the general statutes, as amended by this act.

Sec. 6. Section 19a-508d of the 2016 supplement to the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2016):

Each health care provider that refers a patient to another health care provider who is not a member of the same partnership, professional corporation or limited liability company formed to render professional services but is affiliated with the referring health care provider shall notify the patient, in writing, that the health care providers are affiliated. Such notice shall also [(1)] inform the patient that the patient (1) is not required to see the provider to whom he or she is referred and that the patient has a right to seek care from the health care provider chosen by the patient, and (2) [provide the patient with the Internet web site and toll-free telephone number of the] may contact the patient's health carrier to obtain information regarding other in-network health care providers and estimated out-of-pocket costs for the referred service. A health care provider is not required to provide notice to a patient pursuant to this section if the health care provider otherwise provides substantially similar notice to patients pursuant to federal law. For purposes of this section, "affiliated" means a relationship between two or more health care providers that permits the health care providers to negotiate jointly or as a member of the same group of health care providers with third parties over rates for professional medical services.
Sec. 7. (Effective from passage) The Commissioner of Public Health shall study the licensure of limited service health clinics. Not later than December 1, 2016, the commissioner shall report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to public health concerning the results of such study. Such report shall include, but need not be limited to, recommendations for legislation to establish a licensure category for limited service health clinics.

Sec. 8. Section 19a-509 of the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2016):

(a) All hospitals and all nursing homes shall include on their admission forms a question as to whether a person is a veteran or the spouse of a veteran. All hospitals shall include on their admission forms a conspicuous notice that a self-pay patient may, upon request, receive a copy of the hospital charges related to such patient. Such admission forms shall also include a conspicuous notice specifying the name and contact information of a person whom the patient may contact to request a copy of the hospital charges related to the patient.

(b) All hospitals shall include in their bills to patients, and to third party payors unless previously furnished, (1) an explanation of any items identified by any code or by initials, and (2) the cost-to-charge ratio for each item billed. Upon request by a self-pay patient, a hospital shall provide such patient with an itemized bill not later than thirty days after the date of such request. Such itemized bill shall identify, in plain language pursuant to chapter 742, each individual service, supply or medication provided to the patient by the hospital and the specific charge for such service, supply or medication.

(c) No nursing home may bill a patient or third party payor an amount for telephone service, community antenna television service or other telecommunications service, which amount includes a surcharge
or administrative fee or which otherwise exceeds the amount paid by
the nursing home to provide such service.

This act shall take effect as follows and shall amend the following
sections:

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**Statement of Purpose:**
To make various changes and additions to the public health statutes on
matters affecting physicians and 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.*