
OLR Bill Analysis

sHB 5449

AN ACT CONCERNING CERTIFICATES OF NEED.

SUMMARY

This bill addresses matters concerning the state's certificate of need (CON) program for health care institutions, which is administered by the Office of Health Strategy's (OHS) Health Systems Planning Unit. Under the CON law, health care facilities (e.g., hospitals, freestanding emergency departments, and outpatient surgical facilities) must generally receive state approval when (1) establishing new facilities or services, (2) changing ownership, (3) acquiring certain equipment, or (4) terminating certain services.

Primarily, the bill does the following:

1. prohibits a health care provider from breaking ground on a new or expanded facility unless OHS has approved a CON;
2. increases the CON application fee from \$500 to a range of \$1,500 to \$25,000 depending on the proposed project's cost;
3. prohibits the Connecticut Health and Educational Facilities Authority (CHEFA) from issuing a bond to a health care provider who needs an approved CON for a new or expanded facility unless CHEFA has reviewed a capital budget with recommendations from OHS;
4. requires OHS, when making recommendations to CHEFA, to assess the capital budget's reasonableness and the projected impact to the area's health care market and pricing; and
5. requires OHS to study the state's CON program and submit a report to the Insurance and Real Estate Committee by January 15, 2023, with recommendations on specified matters.

EFFECTIVE DATE: Upon passage, except the application fee and CHEFA-related provisions are effective October 1, 2022.

APPLICATION FEE

The bill increases the CON nonrefundable application fee from \$500 to a range of \$1,500 to \$25,000 depending on the proposed project's cost, as shown in Table 1 below.

Table 1: CON Application Fees under the Bill

Application Fee	Project Cost
\$1,500	Up to \$50,000
\$2,500	>\$50,000 and up to \$100,000
\$5,000	>\$100,000 and up to \$500,000
\$10,000	>\$500,000 and up to \$1 million
\$15,000	>\$1 million and up to \$5 million
\$20,000	>\$5 million and up to \$10 million
\$25,000	>\$10 million

OHS CON STUDY

Under the bill, OHS must study the state's CON program and submit a report to the Insurance and Real Estate Committee by January 15, 2023. The report must consider and make recommendations on the following:

1. instituting a price increase cap tied to the cost growth benchmark for consolidations,
2. guaranteeing local community representation on hospital boards,
3. changing OHS' long-term statewide health plan to include an analysis of services and facilities and their impact on equity and underserved populations,
4. setting standards for measuring quality as a result of a consolidation,
5. enacting higher penalties for noncompliance and increasing

enforcement staff;

6. the attorney general's authority to stop activities as a result of a CON application or complaint,
7. the ability of workforce and community representatives to intervene or appeal decisions,
8. giving OHS authority to require an ongoing investment to address community needs, and
9. capturing lost property taxes from hospitals that have converted to nonprofit entities.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 17 Nay 0 (03/22/2022)