

## Insurance and Real Estate Committee JOINT FAVORABLE REPORT

**Bill No.:** HB-5449

**Title:** AN ACT CONCERNING CERTIFICATES OF NEED.

**Vote Date:** 3/22/2022

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/17/2022

**File No.:** 343

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### SPONSORS OF BILL:

Insurance and Real Estate Committee

### REASONS FOR BILL:

Section 1 of this bill requires that no health care provider build a new facility or expand an existing facility without first receiving certificate of need approval.

Section 2 of this bill requires that CHEFA shall not issue a bond to a health care provider unless the authority has reviewed a capital budget with recommendations from the Office of Health Strategy, assessing the reasonableness of the budget and the projected impacts on the health care market.

Section 3 of this bill increases the application fee for a certificate of need. The initial bill language flatly increased the rate, but subsequent language has established a tiered system.

Section 4 of this bill requires the Office of Health Strategy to conduct studies on a variety of issues related to the prior sections of this bill.

The purpose for this bill is to prevent health care providers from reducing medical services, as has been seen recently, especially in rural and remote areas.

#### Proposed Substitute Language

Changed the provisions regarding fees and removed the references to CONs for long-term care facilities.

### RESPONSE FROM ADMINISTRATION/AGENCY:

Victoria Veltri, Executive Director, Office of Health Strategy

The agency **supports** the first section of this bill that requires approval for a health care provider to break ground on any new facility or expansion of existing facility but suggests

defining terminology such as “health care provider” and “breaking ground” as well as making some additional technical language changes.

Additionally, this speaker supports section four, which instructs OHS to study a variety of issues, but suggests that the timeline for their completion be extended.

The agency opposes the second section of this bill that allows CHEFA to “issue bonds to healthcare providers only after CHEFA has reviewed a capital budget with recommendations provided by OHS” because OHS does not have the current resources to review and assess the reasonableness of these budgets and the projected impact to the healthcare market and pricing in the area.

Additionally, this speaker suggests changing section three of this bill to include a tiered fee system based on the size of the facility and/or transaction cost rather than flatly increasing the non-refundable application fee for a Certificate of Need.

Jeannette Weldon, Executive Director, CHEFA

This quasi-public agency **opposes** this legislation and requests that section two be eliminated in its entirety from the bill. CHEFA’s role is to provide financing to nonprofit entities and its staff’s expertise focuses on assessing financing options and creditworthiness and thus does not have the expertise or ability to assess broad health care industry impacts or impacts on consumer pricing.

#### **NATURE AND SOURCES OF SUPPORT:**

Janet Bellamy

Sue Stern

Dennis O’Brien

Susan Eastwood, Board Member, Permanent Commission on the Status of Women in Connecticut

Jonathan Gonzalez-Cruz, Health Care Organizer, Connecticut Citizen Action Group Health Equity Solutions

Lynne Ide, Director of Program & Policy, Universal Health Care Foundation of Connecticut

Arvind Shaw, CEO, Generations Family Health Center

These speakers **support** the bill because they are concerned about access to quality health care especially for remote areas of the state and those of lower means.

Rep. Michelle Cook

Rose Reyes, Councilor, Windham Town Council

Rep. Susan Johnson

These speakers **support** this bill because several hospitals recently have unilaterally decided to terminate services ranging from surgery, substance abuse, and maternity services without a Certificate of Need approval. Although hospitals receive fines for this practice from the Office of Healthcare Strategy, it has proved to not be an effective deterrent.

Coventry Town Council

Lisa Thomas, Chairwoman, Coventry Town Council

These speakers **support** this legislation because several hospitals near the Coventry area have reduced services and are sending patients long distances to seek care. Coventry

residents are directly impacted by these closures of services, especially the most at risk families.

Rep. Maria Horn

John Brady, Executive Vice President, AFT CT

Ed Hawthorne, President, Connecticut AFL-CIO

Sen. Martin Looney

These speakers support the legislation because it seeks to provide greater access to affordable, quality healthcare for all residents of Connecticut. They suggest that language be included that specifically states that no closure of services or consolidation of entities should occur prior to a Certificate of Need approval in order to further strengthen this bill.

#### **NATURE AND SOURCES OF OPPOSITION:**

Connecticut Association of Ambulatory Surgery Centers

Connecticut Children's Medical Center

Connecticut Hospital Association

Kerry Eaton, Nuvance Health

Ann Hogan, Senior Government Relations Officer, Yale New Haven Health

R. Kyle Kramer, Chief Executive Officer, Day Kimball Healthcare

Dr. Bruce Liang, Interim CEO, UConn Health

Lynn Ricci, President and CEO, Hospital for Special Care

Kathleen Silard, Stamford Health

These speakers **oppose** this legislation because these changes to the CON process come in the midst of the most historic public health crisis in generations and when existing CON applications are already facing staggering delays affecting providers' ability to plan, innovate, and modernize their facilities and equipment. Also, the increase in the CON application fee is extreme and will add to the cost of healthcare as well as impede innovation and modernization.

David Godbout **opposes** this bill.

Tarik Kardestuncer, President, Connecticut Orthopedic Society

This speaker **opposes** this bill because he supports fostering free market principles in Connecticut by removing costly and burdensome Certificate of Need barriers. The speaker states that the orthopedic community is concerned that this significant increase in application fees will function as a roadblock to opening low-cost health care centers which are an important asset to quality, low-cost care for their patients.

Mag Morelli, President, LeadingAge Connecticut

This speaker **opposes** this legislation because of its reference to long-term care Certificates of Need. The speaker suggests several language changes to remove any reference to and inclusion of long-term care in this bill.

**Reported by: Andrew Miano**

**Date: April 8, 2022**