



General Assembly

February Session, 2022

***Raised Bill No. 5481***

LCO No. 3343



Referred to Committee on PUBLIC HEALTH

Introduced by:  
(PH)

***AN ACT CONCERNING THE DEPARTMENT OF PUBLIC HEALTH'S  
RECOMMENDATIONS REGARDING CHANGE OF OWNERSHIP IN  
HEALTH CARE FACILITIES.***

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

1 Section 1. Section 19a-493 of the 2022 supplement to the general  
2 statutes is repealed and the following is substituted in lieu thereof  
3 (*Effective July 1, 2022*):

4 (a) Upon receipt of an application for an initial license, the  
5 Department of Public Health, subject to the provisions of section 19a-  
6 491a, shall issue such license if, upon conducting a scheduled inspection  
7 and investigation, the department finds that the applicant and facilities  
8 meet the requirements established under section 19a-495, provided a  
9 license shall be issued to or renewed for an institution, as defined in  
10 section 19a-490, only if such institution is not otherwise required to be  
11 licensed by the state. If an institution, as defined in subsections (b), (d),  
12 (e) and (f) of section 19a-490, applies for license renewal and has been  
13 certified as a provider of services by the United States Department of  
14 Health and Human Services under Medicare or Medicaid programs

15 within the immediately preceding twelve-month period, or if an  
16 institution, as defined in subsection (b) of section 19a-490, is currently  
17 certified, the commissioner or the commissioner's designee may waive  
18 on renewal the inspection and investigation of such facility required by  
19 this section and, in such event, any such facility shall be deemed to have  
20 satisfied the requirements of section 19a-495 for the purposes of  
21 licensure. Such license shall be valid for two years or a fraction thereof  
22 and shall terminate on March thirty-first, June thirtieth, September  
23 thirtieth or December thirty-first of the appropriate year. A license  
24 issued pursuant to this chapter, unless sooner suspended or revoked,  
25 shall be renewable biennially (1) after an unscheduled inspection is  
26 conducted by the department, and (2) upon the filing by the licensee,  
27 and approval by the department, of a report upon such date and  
28 containing such information in such form as the department prescribes  
29 and satisfactory evidence of continuing compliance with requirements  
30 established under section 19a-495. In the case of an institution, as  
31 defined in subsection (d) of section 19a-490, that is also certified as a  
32 provider under the Medicare program, the license shall be issued for a  
33 period not to exceed three years, to run concurrently with the  
34 certification period. In the case of an institution, as defined in subsection  
35 (m) of section 19a-490, that is applying for renewal, the license shall be  
36 issued pursuant to section 19a-491. Except in the case of a multicare  
37 institution, each license shall be issued only for the premises and  
38 persons named in the application. Such license shall not be transferable  
39 or assignable. Licenses shall be posted in a conspicuous place in the  
40 licensed premises.

41 (b) [(1)] A nursing home license may be renewed biennially after [(A)]  
42 (1) an unscheduled inspection conducted by the department, [(B)] (2)  
43 submission of the information required by section 19a-491a, and [(C)]  
44 (3) submission of evidence satisfactory to the department that the  
45 nursing home is in compliance with the provisions of this chapter, the  
46 regulations of Connecticut state agencies and licensing regulations.

47 [(2)] (c) (1) For the purposes of this subsection, "facility" and  
48 "institution" have the same meanings as provided in section 19a-490.

49 Any change in the ownership of a facility or institution [, as defined in  
50 section 19a-490,] owned by an individual, partnership or association or  
51 the change in ownership or beneficial ownership of [ten per cent or more  
52 of the stock of a corporation] the entity which owns, conducts, operates  
53 or maintains such facility or institution, including a change in  
54 ownership or beneficial ownership resulting in a transfer to a person  
55 related by blood or marriage to such an owner or beneficial owner, shall  
56 be subject to prior approval of the department. [after a scheduled  
57 inspection of such facility or institution is conducted by the department,  
58 provided such approval shall be conditioned upon a showing by such  
59 facility or institution to the commissioner that it has complied with all  
60 requirements of this chapter, the regulations relating to licensure and all  
61 applicable requirements of the regulations of Connecticut state agencies.  
62 Any such change in ownership or beneficial ownership resulting in a  
63 transfer to a person related by blood or marriage to such an owner or  
64 beneficial owner shall not be subject to prior approval of the department  
65 unless: (A) Ownership or beneficial ownership of ten per cent or more  
66 of the stock of a corporation, limited liability company, partnership or  
67 association which owns, conducts, operates or maintains more than one  
68 facility or institution is transferred; (B) ownership or beneficial  
69 ownership is transferred in more than one facility or institution; or (C)  
70 the facility or institution is the subject of a pending complaint,  
71 investigation or licensure action. If the facility or institution is not in  
72 compliance, the commissioner may require the new owner to sign a  
73 consent order providing reasonable assurances that the violations shall  
74 be corrected within a specified period of time. Notice of any such  
75 proposed change of ownership shall be given to the department at least  
76 one hundred twenty days prior to the effective date of such proposed  
77 change.]

78 (2) Not later than one hundred twenty days before the proposed date  
79 of a change in ownership of a facility or institution, the proposed new  
80 owner of such facility or institution shall submit an application for  
81 approval to the department pursuant to subdivision (1) of this  
82 subsection. Such application shall be in a form and manner prescribed

83 by the commissioner and shall include, but need not be limited to, the  
84 following: (A) A cover letter stating the applicant's intent to purchase  
85 the facility or institution and identification of the facility or institution  
86 by name, address, county and number and type of beds licensed by the  
87 department; (B) a description of the proposed transaction, including the  
88 name of each current owner of the facility or institution; (C) the name of  
89 each proposed new owner; (D) the name of each owner of any  
90 nonpublicly traded parent corporation of each proposed new owner; (E)  
91 if applicable, the proposed new owner's organizational chart, such  
92 proposed new owner's parent corporation's organizational chart, and  
93 the organizational chart of each wholly-owned subsidiary of such  
94 proposed new owner; (F) a copy of the agreement of sale and, if  
95 applicable, a copy of any lease or management agreements; (G) a  
96 projection of profits and losses and a capital budget projection,  
97 including, but not limited to, accounts payable with amount due, days  
98 overdue and details of payment to all such accounts, for the three years  
99 following the change in ownership, (H) the name and address of any  
100 licensed health care facility owned, operated or managed by each  
101 proposed owner in the United States or any territory of the United States  
102 during the five years preceding the date on which such application is  
103 submitted and audited financial statements for each such facility for the  
104 three years preceding the date on which such application is submitted;  
105 (I) disclosure of any direct or indirect interests, including such interests  
106 in intermediate entities and parent, management and property  
107 companies and other related entities; (J) a statement that the facility or  
108 institution is not the subject of a pending complaint, investigation or  
109 licensure action in the state or reciprocal action in another state; (K)  
110 disclosure of whether the facility or institution has been subject to (i)  
111 three or more civil penalties imposed through final order of the  
112 commissioner in accordance with the provisions of sections 19a-524 to  
113 19a-528, inclusive, or civil penalties imposed pursuant to the laws or  
114 regulations of another state during the two-year period preceding the  
115 date on which such application is submitted, or (ii) sanctions, other than  
116 civil penalties less than or equal to twenty thousand dollars, imposed in  
117 any state through final adjudication under the Medicare or Medicaid

118 program pursuant to Title XVIII or XIX of the federal Social Security Act,  
119 42 USC 301, as amended from time to time; and (L) disclosure of  
120 whether any proposed new owner's Medicare or Medicaid provider  
121 agreement has been terminated or not renewed in any state. For the  
122 purposes of this subdivision, "organizational chart" means a graphical  
123 representation of an organization, including, but not limited to, the  
124 relationships between such organization's employees, departments and  
125 the jobs within such organization.

126 (3) After receiving an application, the department shall schedule an  
127 inspection of such facility or institution to determine if the facility or  
128 institution has complied with the requirements of this chapter and the  
129 regulations of Connecticut state agencies relating to licensure of such  
130 facility or institution. If an applicant is not in compliance with the  
131 requirements of a corrective action plan or in violation of any provision  
132 of the general statutes or the regulations of Connecticut state agencies,  
133 the commissioner may deny the applicant's change in ownership or  
134 require the proposed new owner to sign a consent order, which shall  
135 include, but need not be limited to, the implementation of a corrective  
136 action plan for any such violation within a specified time period. The  
137 commissioner may assess a civil penalty of not more than one thousand  
138 dollars for each day the owner of the facility or institution is in violation  
139 of any provision of the general statutes or the regulations of Connecticut  
140 state agencies or such consent order. If the commissioner disapproves a  
141 change in ownership, a person related by blood or marriage to the  
142 applicant may not apply to acquire ownership interest in the facility or  
143 institution. For the purposes of this subdivision, "a person related by  
144 blood or marriage" means a parent, spouse, child, brother, sister, aunt,  
145 uncle, niece or nephew.

146 (4) For the purposes of this [subdivision] subsection, a change in the  
147 legal form of the ownership entity, including, but not limited to, changes  
148 from a corporation to a limited liability company, a partnership to a  
149 limited liability partnership, a sole proprietorship to a corporation and  
150 similar changes, shall not be considered a change of ownership if the  
151 beneficial ownership remains unchanged and the owner provides such

152 information regarding the change to the department as may be required  
153 by the department in order to properly identify the current status of  
154 ownership and beneficial ownership of the facility or institution. For the  
155 purposes of this subdivision, a public offering of the stock of any  
156 corporation that owns, conducts, operates or maintains any such facility  
157 or institution shall not be considered a change in ownership or beneficial  
158 ownership of such facility or institution if the licensee and the officers  
159 and directors of such corporation remain unchanged, such public  
160 offering cannot result in an individual or entity owning ten per cent or  
161 more of the stock of such corporation, and the owner provides such  
162 information to the department as may be required by the department in  
163 order to properly identify the current status of ownership and beneficial  
164 ownership of the facility or institution.

165       [(c)] (d) (1) A multicare institution may, under the terms of its existing  
166 license, provide behavioral health services or substance use disorder  
167 treatment services on the premises of more than one facility, at a satellite  
168 unit or at another location outside of its facilities or satellite units that is  
169 acceptable to the patient receiving services and is consistent with the  
170 patient's assessment and treatment plan. Such behavioral health  
171 services or substance use disorder treatment services may include  
172 methadone delivery and related substance use treatment services to  
173 persons in a nursing home facility pursuant to the provisions of section  
174 19a-495c.

175       (2) Any multicare institution that intends to offer services at a satellite  
176 unit or other location outside of its facilities or satellite units shall submit  
177 an application for approval to offer services at such location to the  
178 Department of Public Health. Such application shall be submitted on a  
179 form and in the manner prescribed by the Commissioner of Public  
180 Health. Not later than forty-five days after receipt of such application,  
181 the commissioner shall notify the multicare institution of the approval  
182 or denial of such application. If the satellite unit or other location is  
183 approved, that satellite unit or location shall be deemed to be licensed  
184 in accordance with this section and shall comply with the applicable  
185 requirements of this chapter and regulations adopted under this

186 chapter.

187 (3) A multicare institution that is a hospital providing outpatient  
188 behavioral health services or other health care services shall provide the  
189 Department of Public Health with a list of satellite units or locations  
190 when completing the initial or renewal licensure application.

191 (4) The Commissioner of Public Health may adopt regulations, in  
192 accordance with the provisions of chapter 54, to carry out the provisions  
193 of this subsection. The Commissioner of Public Health may implement  
194 policies and procedures necessary to administer the provisions of this  
195 subsection while in the process of adopting such policies and  
196 procedures as regulation, provided the commissioner prints notice of  
197 intent to adopt regulations in the Connecticut Law Journal not later than  
198 twenty days after the date of implementation. Policies and procedures  
199 implemented pursuant to this section shall be valid until the time final  
200 regulations are adopted.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2022	19a-493

**Statement of Purpose:**

To (1) expand the circumstances in which a change in ownership of a health care facility or institution requires approval by the Department of Public Health; and (2) establish an application process for the approval of changes in ownership of health care facilities and institutions.

*[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.]*