



House of Representatives

General Assembly

File No. 446

February Session, 2024

Substitute House Bill No. 5319

House of Representatives, April 11, 2024

The Committee on Public Health reported through REP. MCCARTHY VAHEY of the 133rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT REQUIRING A PLAN CONCERNING PRIVATE EQUITY FIRMS ACQUIRING OR HOLDING AN OWNERSHIP INTEREST IN HEALTH CARE FACILITIES.

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

- 1 Section 1. (*Effective from passage*) (a) As used in this section:
- 2 (1) "Health care facility" means an institution, as defined in section
3 19a-490 of the general statutes, licensed under chapter 368v of the
4 general statutes; and
- 5 (2) "Private equity firm" means a firm that uses its own capital or
6 capital raised from investors to acquire a majority stake in a company,
7 increase the revenue and margins of the company and later take the
8 company public or sell it at a profit.
- 9 (b) The executive director of the Office of Health Strategy shall
10 develop a plan concerning private equity firms acquiring or holding an
11 ownership interest in health care facilities in the state. Such plan shall

12 include, but need not be limited to, (1) an assessment of (A) whether a
 13 certificate of need should be required for the acquisition of an
 14 ownership interest in a health care facility by a private equity firm, and
 15 (B) the feasibility of any other limitations on a private equity firm
 16 acquiring or holding an ownership interest in a health care facility, and
 17 (2) a recommendation for requirements for the disclosure of information
 18 by a health care facility if a private equity firm acquires or holds an
 19 ownership interest in the health care facility.

20 (c) Not later than January 1, 2025, the executive director shall report,
 21 in accordance with the provisions of section 11-4a of the general statutes,
 22 to the joint standing committee of the General Assembly having
 23 cognizance of matters relating to public health regarding the plan
 24 developed pursuant to subsection (b) of this section and the executive
 25 director's recommendations for any legislation necessary to implement
 26 such plan.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

Statement of Legislative Commissioners:

In Subsec. (b)(1), "(A)" was moved before "whether" for clarity and, in Subsec. (c), "provision" was changed to "provisions" for accuracy.

PH *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$
Office of Health Strategy	GF - Cost	200,000
Resources of the General Fund	GF - Revenue Gain	200,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a one-time cost of \$200,000 in FY 25 to the Office of Health Strategy (OHS). OHS will need to hire a consultant to develop the plan required by the bill because the agency does not have available resources or expertise to complete the plan by January 1, 2025.

The provisions of the bill involve the certificate of need process, which is administered by OHS' Health Systems Planning Unit (HSPU). Costs related to HSPU are recovered via an assessment collected from the various state hospitals; this assessment results in a revenue gain to the General Fund that will offset the increased cost to OHS.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.



OLR Bill Analysis

HB 5319

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SUMMARY

The Office of Legislative Research does not analyze Special Acts.

COMMITTEE ACTION

Public Health Committee

Joint Favorable

Yea 25 Nay 11 (03/22/2024)