



General Assembly

February Session, 2024

***Raised Bill No. 440***

LCO No. 2995



Referred to Committee on PUBLIC HEALTH

Introduced by:  
(PH)

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

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

1 Section 1. Section 19a-638 of the 2024 supplement to the general  
2 statutes is repealed and the following is substituted in lieu thereof  
3 (*Effective October 1, 2024*):

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

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

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

7 (3) A transfer of ownership of a large group practice to any entity  
8 other than a (A) physician, or (B) group of two or more physicians,  
9 legally organized in a partnership, professional corporation or limited  
10 liability company formed to render professional services and not  
11 employed by or an affiliate of any hospital, medical foundation,  
12 insurance company or other similar entity;

13 (4) The establishment of a freestanding emergency department;

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

18 (6) The establishment of an outpatient surgical facility, as defined in  
19 section 19a-493b, or as established by a short-term acute care general  
20 hospital;

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

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

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

33 (10) The acquisition of computed tomography scanners, magnetic  
34 resonance imaging scanners, positron emission tomography scanners or  
35 positron emission tomography-computed tomography scanners, by any  
36 person, physician, provider, short-term acute care general hospital or  
37 children's hospital, except (A) as provided for in subdivision (22) of  
38 subsection (b) of this section, and (B) a certificate of need issued by the  
39 unit shall not be required where such scanner is a replacement for a  
40 scanner that was previously acquired through certificate of need  
41 approval or a certificate of need determination, including a replacement  
42 scanner that has dual modalities or functionalities if the applicant  
43 already offers similar imaging services for each of the scanner's  
44 modalities or functionalities that will be utilized;

45 (11) The acquisition of nonhospital based linear accelerators, except a  
46 certificate of need issued by the unit shall not be required where such  
47 accelerator is a replacement for an accelerator that was previously  
48 acquired through certificate of need approval or a certificate of need  
49 determination;

50 (12) An increase in the licensed bed capacity of a health care facility,  
51 except as provided in subdivision (23), subparagraph (C) of subdivision  
52 (26) and subdivision (28) of subsection (b) of this section;

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

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

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

64 (16) The relocation of outpatient, behavioral health care, substance  
65 use disorder, women's health care or emergency medical services  
66 outside of the municipality in which such services are currently  
67 provided;

68 (17) Any investment in a health care facility by a private equity  
69 company in which the private equity company acquires a controlling  
70 interest, either directly or indirectly, in a health care facility, or  
71 otherwise obtains the ability to exercise operational control, managerial  
72 control or decision-making authority over such facility;

73 (18) Any transaction in which a private equity company acquires a  
74 controlling interest, either directly or indirectly, in a large group practice

75 of ten or more full-time equivalent physicians, or otherwise obtains the  
76 ability to exercise operational control, managerial control or decision-  
77 making authority over such large group practice; and

78 (19) Any transaction involving a private equity company in which a  
79 health care facility's assets would be increased or reduced.

80 (b) A certificate of need shall not be required for:

81 (1) Health care facilities owned and operated by the federal  
82 government;

83 (2) The establishment of offices by a licensed private practitioner,  
84 whether for individual or group practice, except when a certificate of  
85 need is required in accordance with the requirements of section 19a-  
86 493b or subdivision (3), (10) or (11) of subsection (a) of this section;

87 (3) A health care facility operated by a religious group that  
88 exclusively relies upon spiritual means through prayer for healing;

89 (4) Residential care homes, as defined in subsection (c) of section 19a-  
90 490, and nursing homes and rest homes, as defined in subsection (o) of  
91 section 19a-490;

92 (5) An assisted living services agency, as defined in section 19a-490;

93 (6) Home health agencies, as defined in section 19a-490;

94 (7) Hospice services, as described in section 19a-122b;

95 (8) Outpatient rehabilitation facilities;

96 (9) Outpatient chronic dialysis services;

97 (10) Transplant services;

98 (11) Free clinics, as defined in section 19a-630;

99 (12) School-based health centers and expanded school health sites, as  
100 such terms are defined in section 19a-6r, community health centers, as

101 defined in section 19a-490a, not-for-profit outpatient clinics licensed in  
102 accordance with the provisions of chapter 368v and federally qualified  
103 health centers;

104 (13) A program licensed or funded by the Department of Children  
105 and Families, provided such program is not a psychiatric residential  
106 treatment facility;

107 (14) Any nonprofit facility, institution or provider that has a contract  
108 with, or is certified or licensed to provide a service for, a state agency or  
109 department for a service that would otherwise require a certificate of  
110 need. The provisions of this subdivision shall not apply to a short-term  
111 acute care general hospital or children's hospital, or a hospital or other  
112 facility or institution operated by the state that provides services that are  
113 eligible for reimbursement under Title XVIII or XIX of the federal Social  
114 Security Act, 42 USC 301, as amended;

115 (15) A health care facility operated by a nonprofit educational  
116 institution exclusively for students, faculty and staff of such institution  
117 and their dependents;

118 (16) An outpatient clinic or program operated exclusively by or  
119 contracted to be operated exclusively by a municipality, municipal  
120 agency, municipal board of education or a health district, as described  
121 in section 19a-241;

122 (17) A residential facility for persons with intellectual disability  
123 licensed pursuant to section 17a-227 and certified to participate in the  
124 Title XIX Medicaid program as an intermediate care facility for  
125 individuals with intellectual disabilities;

126 (18) Replacement of existing computed tomography scanners,  
127 magnetic resonance imaging scanners, positron emission tomography  
128 scanners, positron emission tomography-computed tomography  
129 scanners, or nonhospital based linear accelerators, if such equipment  
130 was acquired through certificate of need approval or a certificate of need  
131 determination, provided a health care facility, provider, physician or

132 person notifies the unit of the date on which the equipment is replaced  
133 and the disposition of the replaced equipment, including if a  
134 replacement scanner has dual modalities or functionalities and the  
135 applicant already offers similar imaging services for each of the  
136 equipment's modalities or functionalities that will be utilized;

137 (19) Acquisition of cone-beam dental imaging equipment that is to be  
138 used exclusively by a dentist licensed pursuant to chapter 379;

139 (20) The partial or total elimination of services provided by an  
140 outpatient surgical facility, as defined in section 19a-493b, except as  
141 provided in subdivision (6) of subsection (a) of this section and section  
142 19a-639e;

143 (21) The termination of services for which the Department of Public  
144 Health has requested the facility to relinquish its license;

145 (22) Acquisition of any equipment by any person that is to be used  
146 exclusively for scientific research that is not conducted on humans;

147 (23) On or before June 30, 2026, an increase in the licensed bed  
148 capacity of a mental health facility, provided (A) the mental health  
149 facility demonstrates to the unit, in a form and manner prescribed by  
150 the unit, that it accepts reimbursement for any covered benefit provided  
151 to a covered individual under: (i) An individual or group health  
152 insurance policy providing coverage of the type specified in  
153 subdivisions (1), (2), (4), (11) and (12) of section 38a-469; (ii) a self-  
154 insured employee welfare benefit plan established pursuant to the  
155 federal Employee Retirement Income Security Act of 1974, as amended  
156 from time to time; or (iii) HUSKY Health, as defined in section 17b-290,  
157 and (B) if the mental health facility does not accept or stops accepting  
158 reimbursement for any covered benefit provided to a covered  
159 individual under a policy, plan or program described in clause (i), (ii) or  
160 (iii) of subparagraph (A) of this subdivision, a certificate of need for such  
161 increase in the licensed bed capacity shall be required.

162 (24) The establishment at harm reduction centers through the pilot

163 program established pursuant to section 17a-673c; [or]

164 (25) On or before June 30, 2028, a birth center, as defined in section  
165 19a-490, that is enrolled as a provider in the Connecticut medical  
166 assistance program, as defined in section 17b-245g;

167 (26) On or before June 30, 2030, (A) the establishment or expansion of  
168 diagnostic or therapeutic cardiac catheterization or cardiac surgery  
169 units, psychiatric units, substance use disorder units or rural health  
170 services, (B) upgrades to radiologic technology, (C) an increase of  
171 behavioral health beds for children, (D) an increase in capacity for  
172 existing services offered by a health care facility, and (E) an increase in  
173 the number of operating rooms at a health care facility existing on or  
174 before October 1, 2024;

175 (27) The relocation of outpatient services (A) within the municipality  
176 in which such services are currently provided, or (B) not more than  
177 twenty miles from the current location at which such services are  
178 provided; or

179 (28) An increase or reduction in the licensed bed capacity of a health  
180 care facility of not more than twelve beds within any two-year period,  
181 commencing on and after October 1, 2024.

182 (c) (1) Any person, health care facility or institution that is unsure  
183 whether a certificate of need is required under this section, or (2) any  
184 health care facility that proposes to relocate pursuant to section 19a-  
185 639c, shall send a letter to the unit that describes the project and requests  
186 that the unit make a determination as to whether a certificate of need is  
187 required. In the case of a relocation of a health care facility, the letter  
188 shall include information described in section 19a-639c. A person, health  
189 care facility or institution making such request shall provide the unit  
190 with any information the unit requests as part of its determination  
191 process. The unit shall provide a determination within thirty days of  
192 receipt of such request.

193 (d) The executive director of the Office of Health Strategy may

194 implement policies and procedures necessary to administer the  
195 provisions of this section while in the process of adopting such policies  
196 and procedures as regulation, provided the executive director holds a  
197 public hearing prior to implementing the policies and procedures and  
198 posts notice of intent to adopt regulations on the office's Internet web  
199 site and the eRegulations System not later than twenty days after the  
200 date of implementation. Policies and procedures implemented pursuant  
201 to this section shall be valid until the time final regulations are adopted.

202 (e) On or before June 30, 2026, a mental health facility seeking to  
203 increase licensed bed capacity without applying for a certificate of need,  
204 as permitted pursuant to subdivision (23) of subsection (b) of this  
205 section, shall notify the Office of Health Strategy, in a form and manner  
206 prescribed by the executive director of said office, regarding (1) such  
207 facility's intent to increase licensed bed capacity, (2) the address of such  
208 facility, and (3) a description of all services that are being or will be  
209 provided at such facility.

210 (f) Not later than January 1, 2025, the executive director of the Office  
211 of Health Strategy shall report to the Governor and, in accordance with  
212 the provisions of section 11-4a, to the joint standing committee of the  
213 General Assembly having cognizance of matters relating to public  
214 health concerning the executive director's recommendations, if any,  
215 regarding the establishment of an expedited certificate of need process  
216 for mental health facilities.

217 Sec. 2. Section 19a-639a of the 2024 supplement to the general statutes  
218 is repealed and the following is substituted in lieu thereof (*Effective*  
219 *October 1, 2024*):

220 (a) An application for a certificate of need shall be filed with the unit  
221 in accordance with the provisions of this section and any regulations  
222 adopted by the Office of Health Strategy. The application shall address  
223 the guidelines and principles set forth in (1) subsection (a) of section 19a-  
224 639, and (2) regulations adopted by the department. The applicant shall  
225 include with the application a nonrefundable application fee based on



226 the cost of the project. The amount of the fee shall be as follows: (A) One  
227 thousand dollars for a project that will cost not greater than fifty  
228 thousand dollars; (B) two thousand dollars for a project that will cost  
229 greater than fifty thousand dollars but not greater than one hundred  
230 thousand dollars; (C) three thousand dollars for a project that will cost  
231 greater than one hundred thousand dollars but not greater than five  
232 hundred thousand dollars; (D) four thousand dollars for a project that  
233 will cost greater than five hundred thousand dollars but not greater than  
234 one million dollars; (E) five thousand dollars for a project that will cost  
235 greater than one million dollars but not greater than five million dollars;  
236 (F) eight thousand dollars for a project that will cost greater than five  
237 million dollars but not greater than ten million dollars; and (G) ten  
238 thousand dollars for a project that will cost greater than ten million  
239 dollars.

240 (b) Prior to the filing of a certificate of need application, the applicant  
241 shall (1) publish notice that an application is to be submitted to the unit  
242 (A) in a newspaper having a substantial circulation in the area where  
243 the project is to be located, and (B) on the applicant's Internet web site  
244 in a clear and conspicuous location that is easily accessible by members  
245 of the public, (2) request the publication of notice (A) in at least two sites  
246 within the affected community that are commonly accessed by the  
247 public, such as a town hall or library, and (B) on any existing Internet  
248 web site of the municipality or local health department, and (3) submit  
249 such notice to the unit for posting on such unit's Internet web site. Such  
250 newspaper notice shall be published for not less than three consecutive  
251 days, with the final date of consecutive publication occurring not later  
252 than twenty days prior to the date of filing of the certificate of need  
253 application, and contain a brief description of the nature of the project  
254 and the street address where the project is to be located. Postings in the  
255 affected community and on the applicant's Internet web site shall  
256 remain until the decision on the application is rendered. The unit shall  
257 not invalidate any notice due to changes or removal of the notice from  
258 a community Internet web site of which the applicant has no control. An  
259 applicant shall file the certificate of need application with the unit not

260 later than ninety days after publishing notice of the application in a  
261 newspaper in accordance with the provisions of this subsection. The  
262 unit shall not accept the applicant's certificate of need application for  
263 filing unless the application is accompanied by the application fee  
264 prescribed in subsection (a) of this section and proof of compliance with  
265 the publication requirements prescribed in this subsection. Prior to  
266 submitting the certificate of need application, the applicant may request  
267 an informational meeting with the unit to discuss the requirements of  
268 the application process. The unit shall hold such informational meeting  
269 with the applicant not later than one week after the date it receives the  
270 applicant's request for an informational meeting.

271 (c) (1) Not later than five business days after receipt of a properly filed  
272 certificate of need application, the unit shall publish notice of the  
273 application on its Internet web site. Not later than thirty days after the  
274 date of filing of the application, the unit may request such additional  
275 information as the unit determines necessary to complete the  
276 application. In addition to any information requested by the unit, if the  
277 application involves the transfer of ownership of a hospital, as defined  
278 in section 19a-639, the applicant shall submit to the unit (A) a plan  
279 demonstrating how health care services will be provided by the new  
280 hospital for the first three years following the transfer of ownership of  
281 the hospital, including any consolidation, reduction, elimination or  
282 expansion of existing services or introduction of new services, and (B)  
283 the names of persons currently holding a position with the hospital to  
284 be purchased or the purchaser, as defined in section 19a-639, as an  
285 officer, director, board member or senior manager, whether or not such  
286 person is expected to hold a position with the hospital after completion  
287 of the transfer of ownership of the hospital and any salary, severance,  
288 stock offering or any financial gain, current or deferred, such person is  
289 expected to receive as a result of, or in relation to, the transfer of  
290 ownership of the hospital.

291 (2) The applicant shall, not later than sixty days after the date of the  
292 unit's request, submit any requested information and any information  
293 required under this subsection to the unit. If an applicant fails to submit

294 such information to the unit within the sixty-day period, the unit shall  
295 consider the application to have been withdrawn.

296 (3) The unit shall make reasonable efforts to limit the requests for  
297 additional information to two such requests and, in all cases, cease all  
298 requests for additional information not later than six months after  
299 receiving the application.

300 (d) Upon deeming an application complete, the unit shall provide  
301 notice of this determination to the applicant and to the public in  
302 accordance with regulations adopted by the department. In addition,  
303 the unit shall post such notice on its Internet web site and notify the  
304 applicant not later than five days after deeming the application  
305 complete. The date on which the unit posts such notice on its Internet  
306 web site shall begin the review period. Except as provided in this  
307 subsection, (1) the review period for an application deemed complete  
308 shall be [~~ninety~~] thirty days from the date on which the unit posts such  
309 notice on its Internet web site; and (2) the unit shall issue a decision on  
310 an application deemed complete prior to the expiration of the [~~ninety-~~  
311 ~~day~~] thirty-day review period in matters without a public hearing. If the  
312 unit does not issue a decision on an application deemed complete prior  
313 to the expiration of the thirty-day review period in matters without a  
314 public hearing, such application shall be deemed approved. The review  
315 period for an application deemed complete that involves a transfer of a  
316 large group practice, as described in subdivision (3) of subsection (a) of  
317 section 19a-638, when the offer was made in response to a request for  
318 proposal or similar voluntary offer for sale, shall be [~~sixty~~] twenty days  
319 from the date on which the unit posts notice on its Internet web site.  
320 Upon request or for good cause shown, the unit may extend the review  
321 period for a period of time not to exceed [~~sixty~~] twenty days. If the  
322 review period is extended, the unit shall issue a decision on the  
323 completed application prior to the expiration of the extended review  
324 period. If the unit holds a public hearing concerning a completed  
325 application in accordance with subsection (e) or (f) of this section, the  
326 unit shall issue a decision on the completed application not later than  
327 [~~sixty~~] twenty days after the date the unit closes the public hearing

328 record. If the unit does not issue a decision on the completed  
329 application, not later than twenty days after such date, the application  
330 shall be deemed approved.

331 (e) Except as provided in this subsection, the unit shall hold a public  
332 hearing on a properly filed and completed certificate of need application  
333 if three or more individuals or an individual representing an entity with  
334 five or more people submits a request, in writing, that a public hearing  
335 be held on the application. For a properly filed and completed certificate  
336 of need application involving a transfer of ownership of a large group  
337 practice, as described in subdivision (3) of subsection (a) of section 19a-  
338 638, when an offer was made in response to a request for proposal or  
339 similar voluntary offer for sale, a public hearing shall be held if twenty-  
340 five or more individuals or an individual representing twenty-five or  
341 more people submits a request, in writing, that a public hearing be held  
342 on the application. Any request for a public hearing shall be made to the  
343 unit not later than [thirty] ten days after the date the unit deems the  
344 application to be complete.

345 (f) (1) The unit shall hold a public hearing with respect to each  
346 certificate of need application filed pursuant to section 19a-638, as  
347 amended by this act, after December 1, 2015, that concerns any transfer  
348 of ownership involving a hospital. Such hearing shall be held in the  
349 municipality in which the hospital that is the subject of the application  
350 is located.

351 (2) The unit may hold a public hearing with respect to any certificate  
352 of need application submitted under this chapter. The unit shall provide  
353 not less than [two weeks'] five days' advance notice to the applicant, in  
354 writing, and to the public by publication in a newspaper having a  
355 substantial circulation in the area served by the health care facility or  
356 provider. In conducting its activities under this chapter, the unit may  
357 hold hearings with respect to applications of a similar nature at the same  
358 time. The applicant shall post a copy of the unit's hearing notice on the  
359 applicant's Internet web site in a clear and conspicuous location that is  
360 easily accessible by members of the public. Such applicant shall request

361 the publication of notice in at least two sites within the affected  
362 community that are commonly accessed by the public, such as a town  
363 hall or library, as well as on any existing Internet web site of the  
364 municipality or local health department. The unit shall not invalidate  
365 any notice due to changes or removal of the notice from a community  
366 Internet web site of which the applicant has no control.

367 (g) An applicant may request an expedited timeline for determination  
368 on a certificate of need application in a form and manner prescribed by  
369 the unit. The unit shall develop a process for approving a request for an  
370 expedited timeline. Notwithstanding the provisions of this section, if the  
371 unit accepts a request for an expedited timeline, a determination shall  
372 be made on the application not more than fourteen days after the date  
373 the completed application is submitted to the unit.

374 ~~[(g)]~~ (h) (1) For applications submitted on or after October 1, 2023, the  
375 unit may retain an independent consultant with expertise in the specific  
376 area of health care that is the subject of the application filed by an  
377 applicant if the review and analysis of an application cannot reasonably  
378 be conducted by the unit without the expertise of an industry analyst or  
379 other actuarial consultant. The unit shall submit bills for independent  
380 consultant services to the applicant. Such applicant shall pay such bills  
381 not later than thirty days after receipt of such bills. Such bills shall be a  
382 reasonable amount per application. The provisions of chapter 57 and  
383 sections 4-212 to 4-219, inclusive, and 4e-19 shall not apply to any  
384 retainer agreement executed pursuant to this subsection.

385 (2) For applications submitted on or after October 1, 2024, the unit  
386 may contract with independent consultants or other persons, as deemed  
387 necessary by the executive director of the Office of Health Strategy, to  
388 assist in reviewing and issuing decisions on applications submitted  
389 pursuant to the provisions of this section. Not later than July 1, 2025,  
390 and quarterly thereafter, the executive director of the Office of Health  
391 Strategy shall post all costs incurred as a result of contracts entered into  
392 pursuant to the provisions of this subdivision on the Office of Health  
393 Strategy's Internet web site.

394 [(h)] (i) The executive director of the Office of Health Strategy may  
395 implement policies and procedures necessary to administer the  
396 provisions of this section while in the process of adopting such policies  
397 and procedures as regulation, provided the executive director holds a  
398 public hearing prior to implementing the policies and procedures and  
399 posts notice of intent to adopt regulations on the office's Internet web  
400 site and the eRegulations System not later than twenty days after the  
401 date of implementation. Policies and procedures implemented pursuant  
402 to this section shall be valid until the time final regulations are adopted.

403 Sec. 3. (*Effective from passage*) The executive director of the Office of  
404 Health Strategy shall conduct a study regarding the certificate of need  
405 process in the state. Such study shall include, but need not be limited to,  
406 (1) an examination of the cost to health care systems resulting from  
407 delays or inefficiencies in the certificate of need process, (2) not less than  
408 three public hearings convened by the executive director that allow  
409 providers, insurers, the public and other stakeholders to provide  
410 testimony regarding the certificate of need process, and (3) the  
411 development of recommendations to improve the certificate of need  
412 process by reducing delays, streamlining administrative processes and  
413 hiring trained, experienced staff in lieu of contracting with third-party  
414 experts. Not later than January 1, 2025, the executive director shall  
415 report, in accordance with section 11-4a of the general statutes, to the  
416 joint standing committee of the General Assembly having cognizance of  
417 matters relating to public health regarding the results of such study.

418 Sec. 4. Section 19a-639f of the general statutes is repealed and the  
419 following is substituted in lieu thereof (*Effective October 1, 2024*):

420 (a) The [Health Systems Planning Unit of the Office of Health  
421 Strategy] office of the Attorney General shall conduct a cost and market  
422 impact review in each case where (1) an application for a certificate of  
423 need filed pursuant to section 19a-638, as amended by this act, involves  
424 the transfer of ownership of a hospital, as defined in section 19a-639, and  
425 (2) the purchaser is a hospital, as defined in section 19a-490, whether  
426 located within or outside the state, that had net patient revenue for fiscal

427 year 2013 in an amount greater than one billion five hundred million  
428 dollars, or a hospital system, as defined in section 19a-486i, whether  
429 located within or outside the state, that had net patient revenue for fiscal  
430 year 2013 in an amount greater than one billion five hundred million  
431 dollars or any person that is organized or operated for profit.

432 (b) Not later than twenty-one days after receipt of a properly filed  
433 certificate of need application involving the transfer of ownership of a  
434 hospital filed on or after December 1, 2015, as described in subsection  
435 (a) of this section, the unit shall notify the office of the Attorney General  
436 of the need for the cost and market impact review. The Attorney General  
437 shall initiate such cost and market impact review by sending the  
438 transacting parties a written notice that shall contain a description of the  
439 basis for the cost and market impact review as well as a request for  
440 information and documents. Not later than thirty days after receipt of  
441 such notice, the transacting parties shall submit to the [unit] Attorney  
442 General a written response. Such response shall include, but need not  
443 be limited to, any information or documents requested by the [unit]  
444 Attorney General concerning the transfer of ownership of the hospital.  
445 The [unit] Attorney General shall have the powers with respect to the  
446 cost and market impact review as provided in section 19a-633.

447 (c) The [unit] Attorney General shall keep confidential all nonpublic  
448 information and documents obtained pursuant to this section and shall  
449 not disclose the information or documents to any person without the  
450 consent of the person that produced the information or documents,  
451 except in a preliminary report or final report issued in accordance with  
452 this section if the [unit] Attorney General believes that such disclosure  
453 should be made in the public interest after taking into account any  
454 privacy, trade secret or anti-competitive considerations. Such  
455 information and documents shall not be deemed a public record, under  
456 section 1-210, and shall be exempt from disclosure.

457 (d) The cost and market impact review conducted pursuant to this  
458 section shall examine factors relating to the businesses and relative  
459 market positions of the transacting parties as defined in subsection (d)

460 of section 19a-639 and may include, but need not be limited to: (1) The  
461 transacting parties' size and market share within its primary service  
462 area, by major service category and within its dispersed service areas;  
463 (2) the transacting parties' prices for services, including the transacting  
464 parties' relative prices compared to other health care providers for the  
465 same services in the same market; (3) the transacting parties' health  
466 status adjusted total medical expense, including the transacting parties'  
467 health status adjusted total medical expense compared to that of similar  
468 health care providers; (4) the quality of the services provided by the  
469 transacting parties, including patient experience; (5) the transacting  
470 parties' cost and cost trends in comparison to total health care  
471 expenditures state wide; (6) the availability and accessibility of services  
472 similar to those provided by each transacting party, or proposed to be  
473 provided as a result of the transfer of ownership of a hospital within  
474 each transacting party's primary service areas and dispersed service  
475 areas; (7) the impact of the proposed transfer of ownership of the  
476 hospital on competing options for the delivery of health care services  
477 within each transacting party's primary service area and dispersed  
478 service area including the impact on existing service providers; (8) the  
479 methods used by the transacting parties to attract patient volume and to  
480 recruit or acquire health care professionals or facilities; (9) the role of  
481 each transacting party in serving at-risk, underserved and government  
482 payer patient populations, including those with behavioral, substance  
483 use disorder and mental health conditions, within each transacting  
484 party's primary service area and dispersed service area; (10) the role of  
485 each transacting party in providing low margin or negative margin  
486 services within each transacting party's primary service area and  
487 dispersed service area; (11) consumer concerns, including, but not  
488 limited to, complaints or other allegations that a transacting party has  
489 engaged in any unfair method of competition or any unfair or deceptive  
490 act or practice; and (12) any other factors that the [unit] Attorney  
491 General determines to be in the public interest.

492 (e) Not later than ninety days after the [unit] Attorney General  
493 determines that there is substantial compliance with any request for



494 documents or information issued by the [unit] Attorney General in  
495 accordance with this section, or a later date set by mutual agreement of  
496 the unit and the transacting parties, the [unit] Attorney General shall  
497 make factual findings and issue a preliminary report on the cost and  
498 market impact review. Such preliminary report shall include, but shall  
499 not be limited to, an indication as to whether a transacting party meets  
500 the following criteria: (1) Currently has or, following the proposed  
501 transfer of operations of the hospital, is likely to have a dominant market  
502 share for the services the transacting party provides; and (2) (A)  
503 currently charges or, following the proposed transfer of operations of  
504 the hospital, is likely to charge prices for services that are materially  
505 higher than the median prices charged by all other health care providers  
506 for the same services in the same market, or (B) currently has or,  
507 following the proposed transfer of operations of a hospital, is likely to  
508 have a health status adjusted total medical expense that is materially  
509 higher than the median total medical expense for all other health care  
510 providers for the same service in the same market.

511 (f) The transacting parties that are the subject of the cost and market  
512 impact review may respond in writing to the findings in the preliminary  
513 report issued in accordance with subsection (e) of this section not later  
514 than thirty days after the issuance of the preliminary report. Not later  
515 than sixty days after the issuance of the preliminary report, the [unit]  
516 Attorney General shall issue a final report of the cost and market impact  
517 review. [The unit shall refer to the Attorney General any final report on  
518 any proposed transfer of ownership that meets the criteria described in  
519 subsection (e) of this section.]

520 (g) Nothing in this section shall prohibit a transfer of ownership of a  
521 hospital, provided any such proposed transfer shall not be completed  
522 (1) less than thirty days after the [unit] Attorney General has issued a  
523 final report on a cost and market impact review, if such review is  
524 required, or (2) while any action brought by the Attorney General  
525 pursuant to subsection (h) of this section is pending and before a final  
526 judgment on such action is issued by a court of competent jurisdiction.

527 (h) After the [unit refers a final report on a transfer of ownership of a  
528 hospital to the Attorney General under subsection (f) of this section]  
529 Attorney General has issued a final report on the cost and market impact  
530 review, the Attorney General may: (1) Conduct an investigation to  
531 determine whether the transacting parties engaged, or, as a result of  
532 completing the transfer of ownership of the hospital, are expected to  
533 engage in unfair methods of competition, anti-competitive behavior or  
534 other conduct in violation of chapter 624 or 735a or any other state or  
535 federal law; and (2) if appropriate, take action under chapter 624 or 735a  
536 or any other state law to protect consumers in the health care market.  
537 The [unit's] final cost and market impact review report may be evidence  
538 in any such action.

539 (i) For the purposes of this section, the provisions of chapter 735a may  
540 be directly enforced by the Attorney General. Nothing in this section  
541 shall be construed to modify, impair or supersede the operation of any  
542 state antitrust law or otherwise limit the authority of the Attorney  
543 General to (1) take any action against a transacting party as authorized  
544 by any law, or (2) protect consumers in the health care market under any  
545 law. Notwithstanding subdivision (1) of subsection (a) of section 42-  
546 110c, the transacting parties shall be subject to chapter 735a.

547 (j) The [unit] Attorney General shall retain an independent consultant  
548 with expertise on the economic analysis of the health care market and  
549 health care costs and prices to conduct each cost and market impact  
550 review, as described in this section. The transacting parties shall submit  
551 three proposed independent consultants to the Attorney General, who  
552 shall select one such independent consultant to conduct the cost and  
553 market impact review. The [unit] Attorney General shall submit bills for  
554 such services to the purchaser, as defined in subsection (d) of section  
555 19a-639. Such purchaser shall pay such bills not later than thirty days  
556 after receipt. Such bills shall not exceed two hundred thousand dollars  
557 per application. The provisions of chapter 57, sections 4-212 to 4-219,  
558 inclusive, and section 4e-19 shall not apply to any agreement executed  
559 pursuant to this subsection.

560 (k) Any employee of the unit who [directly oversees or] assists in  
 561 conducting a cost and market impact review shall not take part in factual  
 562 deliberations or the issuance of a preliminary or final decision on the  
 563 certificate of need application concerning the transfer of ownership of a  
 564 hospital that is the subject of such cost and market impact review.

565 (l) The executive director of the Office of Health Strategy shall adopt  
 566 regulations, in accordance with the provisions of chapter 54, concerning  
 567 cost and market impact reviews and to administer the provisions of this  
 568 section. Such regulations shall include definitions of the following  
 569 terms: "Dispersed service area", "health status adjusted total medical  
 570 expense", "major service category", "relative prices", "total health care  
 571 spending" and "health care services". The executive director may  
 572 implement policies and procedures necessary to administer the  
 573 provisions of this section while in the process of adopting such policies  
 574 and procedures in regulation form, provided the executive director  
 575 publishes notice of intention to adopt the regulations on the office's  
 576 Internet web site and the eRegulations System not later than twenty  
 577 days after implementing such policies and procedures. Policies and  
 578 procedures implemented pursuant to this subsection shall be valid until  
 579 the time such regulations are effective.

580 Sec. 5. (NEW) (*Effective October 1, 2024*) On and after October 1, 2024,  
 581 an insurance company that invests in any institution, as defined in  
 582 section 19a-490 of the general statutes, shall not exercise operational  
 583 control, managerial control or decision-making authority relating to the  
 584 institution's delivery of health care services.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2024</i>	19a-638
Sec. 2	<i>October 1, 2024</i>	19a-639a
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>October 1, 2024</i>	19a-639f
Sec. 5	<i>October 1, 2024</i>	New section

**Statement of Purpose:**

To make various revisions to the certificate of need process.

*[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.]*