



General Assembly

January Session, 2025

Raised Bill No. 7224

LCO No. 6159



Referred to Committee on GOVERNMENT ADMINISTRATION
AND ELECTIONS

Introduced by:
(GAE)

***AN ACT EXPANDING LIABILITY UNDER THE FALSE CLAIMS ACT
FOR ENTITIES WITH AN OWNERSHIP INTEREST AND PROHIBITING
THE LICENSING OF HOSPITALS WITH CERTAIN LEASE BACK
ARRANGEMENTS.***

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

1 Section 1. Section 4-274 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2025*):

3 As used in this section and section 4-275, as amended by this act:

4 (1) "Knowing" and "knowingly" means that a person, with respect to
5 information: (A) Has actual knowledge of the information; (B) acts in
6 deliberate ignorance of the truth or falsity of the information; or (C) acts
7 in reckless disregard of the truth or falsity of the information, without
8 regard to whether the person intends to defraud;

9 (2) "Claim" (A) means any request or demand, whether under a
10 contract or otherwise, for money or property and whether or not the
11 state has title to the money or property, that (i) is presented to an officer,

12 employee or agent of the state, or (ii) is made to a contractor, grantee or
13 other recipient, if the money or property is to be spent or used on the
14 state's behalf or to advance a state program or interest, and if the state
15 provides or has provided any portion of the money or property that is
16 requested or demanded, or if the state will reimburse such contractor,
17 grantee or other recipient for any portion of the money or property that
18 is requested or demanded, and (B) does not include a request or demand
19 for money or property that the state has paid to an individual as
20 compensation for state employment or as an income subsidy with no
21 restrictions on that individual's use of the money or property;

22 (3) "Person" means any natural person, corporation, limited liability
23 company, firm, association, organization, partnership, business, trust or
24 other legal entity;

25 (4) "State" means the state of Connecticut, any agency or department
26 of the state or any quasi-public agency, as defined in section 1-120;

27 (5) "Obligation" means an established duty, whether fixed or not,
28 arising from (A) an express or implied contractual, grantor-grantee or
29 licensor-licensee relationship, (B) a fee-based or similar relationship, (C)
30 statute or regulation, or (D) the retention of an overpayment; [and]

31 (6) "Material" means having a natural tendency to influence, or be
32 capable of influencing, the payment or receipt of money or property;
33 and

34 (7) "Ownership or investment interest" means any (A) direct or
35 indirect possession of equity in the capital, stocks or profits totaling
36 more than ten per cent of an entity, (B) interest held by an investor or
37 group of investors who engages in the raising or returning of capital and
38 who invests, develops or disposes of specified assets, or (C) interest held
39 by a pool of funds by investors, including a pool of funds managed or
40 controlled by private limited partnerships, if such investors or the
41 management of such pool or private limited partnership employ
42 investment strategies of any kind to earn a return on such pool of funds.

43 Sec. 2. Section 4-275 of the general statutes is repealed and the
44 following is substituted in lieu thereof (*Effective October 1, 2025*):

45 (a) No person shall:

46 (1) Knowingly present, or cause to be presented, a false or fraudulent
47 claim for payment or approval;

48 (2) Knowingly make, use or cause to be made or used, a false record
49 or statement material to a false or fraudulent claim;

50 (3) Conspire to commit a violation of this section;

51 (4) Having possession, custody or control of property or money used,
52 or to be used, by the state, knowingly deliver, or cause to be delivered,
53 less property than the amount for which the person receives a certificate
54 or receipt;

55 (5) Being authorized to make or deliver a document certifying receipt
56 of property used, or to be used, by the state and intending to defraud
57 the state, make or deliver such document without completely knowing
58 that the information on the document is true;

59 (6) Knowingly buy, or receive as a pledge of an obligation or debt,
60 public property from an officer or employee of the state who may not
61 lawfully sell or pledge the property;

62 (7) Knowingly make, use or cause to be made or used, a false record
63 or statement material to an obligation to pay or transmit money or
64 property to the state; [or]

65 (8) Knowingly conceal or knowingly and improperly avoid or
66 decrease an obligation to pay or transmit money or property to the state;
67 or

68 (9) (A) Have an ownership or investment interest in any person who
69 has violated subdivisions (1) to (8), inclusive, of this section, (B) know

70 about such violation, and (C) fail to report such violation to the state not
71 later than sixty days after knowing of such violation.

72 (b) Any person who violates the provisions of subsection (a) of this
73 section shall be liable to the state for: (1) A civil penalty of not less than
74 five thousand five hundred dollars or more than eleven thousand
75 dollars, or as adjusted from time to time by the federal Civil Penalties
76 Inflation Adjustment Act of 1990, 28 USC 2461, (2) three times the
77 amount of damages that the state sustains because of the act of that
78 person, and (3) the costs of prosecution of such violation. Liability under
79 this section shall be joint and several for any violation of this section
80 committed by two or more persons.

81 (c) Notwithstanding the provisions of subsection (b) of this section
82 concerning treble damages, if the court finds that: (1) A person
83 committing a violation of subsection (a) of this section furnished
84 officials of the state responsible for investigating false claims violations
85 with all information known to such person about the violation not later
86 than thirty days after the date on which the person first obtained the
87 information; (2) such person fully cooperated with an investigation by
88 the state of such violation; and (3) at the time such person furnished the
89 state with the information about the violation, no criminal prosecution,
90 civil action or administrative action had commenced under sections 4-
91 276 to 4-280, inclusive, with respect to such violation, and such person
92 did not have actual knowledge of the existence of an investigation into
93 such violation, the court may assess not less than two times the amount
94 of damages which the state sustains because of the act of such person.
95 Any information furnished pursuant to this subsection shall be exempt
96 from disclosure under section 1-210.

97 (d) In any civil action, arbitration or other civil proceeding in which
98 the state is a defendant, the state shall not assert a counterclaim, set-off
99 or defense alleging a violation of this section.

100 (e) The provisions of this section shall not apply to any claim, record

101 or statement made under any tax law administered by this state or a
102 political subdivision of this state.

103 Sec. 3. Section 19a-486i of the general statutes is repealed and the
104 following is substituted in lieu thereof (*Effective October 1, 2025*):

105 (a) As used in this section:

106 (1) "Affiliation" means the formation of a relationship between two or
107 more entities that permits the entities to negotiate jointly with third
108 parties over rates for professional medical services;

109 (2) "Captive professional entity" means a partnership, professional
110 corporation, limited liability company or other entity formed to render
111 professional services in which a partner, a member, a shareholder or a
112 beneficial owner is a physician, directly or indirectly, employed by,
113 controlled by, subject to the direction of, or otherwise designated by (A)
114 a hospital, (B) a hospital system, (C) a medical school, (D) a medical
115 foundation, organized pursuant to subsection (a) of section 33-182bb, or
116 (E) any entity that controls, is controlled by or is under common control
117 with, whether through ownership, governance, contract or otherwise,
118 another person, entity or organization described in subparagraphs (A)
119 to (D), inclusive, of this subdivision;

120 (3) "Hospital" has the same meaning as provided in section 19a-646;

121 (4) "Hospital system" means: (A) A parent corporation of one or more
122 hospitals and any entity affiliated with such parent corporation through
123 ownership, governance or membership; or (B) a hospital and any entity
124 affiliated with such hospital through ownership, governance or
125 membership;

126 (5) "Health care provider" has the same meaning as provided in
127 section 19a-17b;

128 (6) "Medical foundation" means a medical foundation formed under
129 chapter 594b;

130 (7) "Physician" has the same meaning as provided in section 20-13a;

131 (8) "Person" has the same meaning as provided in section 35-25;

132 (9) "Professional corporation" has the same meaning as provided in
133 section 33-182a;

134 (10) "Group practice" means two or more physicians, legally
135 organized in a partnership, professional corporation, limited liability
136 company formed to render professional services, medical foundation,
137 not-for-profit corporation, faculty practice plan or other similar entity
138 (A) in which each physician who is a member of the group provides
139 substantially the full range of services that the physician routinely
140 provides, including, but not limited to, medical care, consultation,
141 diagnosis or treatment, through the joint use of shared office space,
142 facilities, equipment or personnel; (B) for which substantially all of the
143 services of the physicians who are members of the group are provided
144 through the group and are billed in the name of the group practice and
145 amounts so received are treated as receipts of the group; or (C) in which
146 the overhead expenses of, and the income from, the group are
147 distributed in accordance with methods previously determined by
148 members of the group. An entity that otherwise meets the definition of
149 group practice under this section shall be considered a group practice
150 although its shareholders, partners or owners of the group practice
151 include single-physician professional corporations, limited liability
152 companies formed to render professional services or other entities in
153 which beneficial owners are individual physicians; [and]

154 (11) "Primary service area" means the smallest number of zip codes
155 from which the group practice draws at least seventy-five per cent of its
156 patients; and

157 (12) "Main campus of a hospital" means the licensed premises within
158 which the majority of inpatient beds are located.

159 (b) At the same time that any person conducting business in this state

160 that files merger, acquisition or any other information regarding market
161 concentration with the Federal Trade Commission or the United States
162 Department of Justice, in compliance with the Hart-Scott-Rodino
163 Antitrust Improvements Act, 15 USC 18a, where a hospital, hospital
164 system or other health care provider is a party to the merger or
165 acquisition that is the subject of such information, such person shall
166 provide written notification to the Attorney General of such filing and,
167 upon the request of the Attorney General, provide a copy of such
168 merger, acquisition or other information.

169 (c) Not less than thirty days prior to the effective date of any
170 transaction that results in a material change to the business or corporate
171 structure of a group practice, the parties to the transaction shall submit
172 written notice to the Attorney General of such material change. For
173 purposes of this subsection, a material change to the business or
174 corporate structure of a group practice includes: (1) The merger,
175 consolidation or other affiliation of a group practice with (A) another
176 group practice that results in a group practice comprised of eight or
177 more physicians, or (B) a hospital, hospital system, captive professional
178 entity, medical foundation or other entity organized or controlled by
179 such hospital or hospital system; (2) the acquisition of all or
180 substantially all of (A) the properties and assets of a group practice, or
181 (B) the capital stock, membership interests or other equity interests of a
182 group practice by (i) another group practice that results in a group
183 practice comprised of eight or more physicians, or (ii) a hospital,
184 hospital system, captive professional entity, medical foundation or
185 other entity organized or controlled by such hospital or hospital system;
186 (3) the employment of all or substantially all of the physicians of a group
187 practice by (A) another group practice that results in a group practice
188 comprised of eight or more physicians, or (B) a hospital, hospital system,
189 captive professional entity, medical foundation or other entity
190 organized by, controlled by or otherwise affiliated with such hospital or
191 hospital system; and (4) the acquisition of one or more insolvent group
192 practices by (A) another group practice that results in a group practice

193 comprised of eight or more physicians, or (B) a hospital, hospital system,
194 captive professional entity, medical foundation or other entity
195 organized by, controlled by or otherwise affiliated with such hospital or
196 hospital system.

197 (d) (1) The written notice required under subsection (c) of this section
198 shall identify each party to the transaction and describe the material
199 change as of the date of such notice to the business or corporate structure
200 of the group practice, including: (A) A description of the nature of the
201 proposed relationship among the parties to the proposed transaction;
202 (B) the names and specialties of each physician that is a member of the
203 group practice that is the subject of the proposed transaction and who
204 will practice medicine with the resulting group practice, hospital,
205 hospital system, captive professional entity, medical foundation or
206 other entity organized by, controlled by, or otherwise affiliated with
207 such hospital or hospital system following the effective date of the
208 transaction; (C) the names of the business entities that are to provide
209 services following the effective date of the transaction; (D) the address
210 for each location where such services are to be provided; (E) a
211 description of the services to be provided at each such location; and (F)
212 the primary service area to be served by each such location.

213 (2) Not later than thirty days after the effective date of any transaction
214 described in subsection (c) of this section, the parties to the transaction
215 shall submit written notice to the Commissioner of Health Strategy.
216 Such written notice shall include, but need not be limited to, the same
217 information described in subdivision (1) of this subsection. The
218 commissioner shall post a link to such notice on the Office of Health
219 Strategy's Internet web site.

220 (e) Not less than thirty days prior to the effective date of any
221 transaction that results in an affiliation between one hospital or hospital
222 system and another hospital or hospital system, the parties to the
223 affiliation shall submit written notice to the Attorney General of such
224 affiliation. Such written notice shall identify each party to the affiliation

225 and describe the affiliation as of the date of such notice, including: (1) A
226 description of the nature of the proposed relationship among the parties
227 to the affiliation; (2) the names of the business entities that are to provide
228 services following the effective date of the affiliation; (3) the address for
229 each location where such services are to be provided; (4) a description
230 of the services to be provided at each such location; and (5) the primary
231 service area to be served by each such location.

232 (f) Not less than thirty days prior to the effective date of any
233 transaction that results in the lease of the main campus of a hospital
234 from a health care real estate investment trust, as defined in Section 856
235 of the Internal Revenue Code of 1986, or any subsequent corresponding
236 internal revenue code of the United States, as amended from time to
237 time, the parties to the transaction shall submit written notice of such
238 proposed lease to the Attorney General and the Commissioner of Health
239 Strategy.

240 ~~[(f)]~~ (g) Written information submitted to the Attorney General
241 pursuant to subsections (b) to ~~[(e)]~~ (f), inclusive, of this section shall be
242 maintained and used by the Attorney General in the same manner as
243 provided in section 35-42.

244 ~~[(g)]~~ (h) Not later than January 15, 2018, and annually thereafter, each
245 hospital and hospital system shall file with the Attorney General and
246 the Commissioner of Health Strategy a written report describing the
247 activities of the group practices owned or affiliated with such hospital
248 or hospital system. Such report shall include, for each such group
249 practice: (1) A description of the nature of the relationship between the
250 hospital or hospital system and the group practice; (2) the names and
251 specialties of each physician practicing medicine with the group
252 practice; (3) the names of the business entities that provide services as
253 part of the group practice and the address for each location where such
254 services are provided; (4) a description of the services provided at each
255 such location; and (5) the primary service area served by each such
256 location.

257 [(h)] (i) Not later than January 15, 2018, and annually thereafter, each
258 group practice comprised of thirty or more physicians that is not the
259 subject of a report filed under subsection [(g)] (h) of this section shall file
260 with the Attorney General and the Commissioner of Health Strategy a
261 written report concerning the group practice. Such report shall include,
262 for each such group practice: (1) The names and specialties of each
263 physician practicing medicine with the group practice; (2) the names of
264 the business entities that provide services as part of the group practice
265 and the address for each location where such services are provided; (3)
266 a description of the services provided at each such location; and (4) the
267 primary service area served by each such location.

268 [(i)] (j) Not later than January 15, 2018, and annually thereafter, each
269 hospital and hospital system shall file with the Attorney General and
270 the Commissioner of Health Strategy a written report describing each
271 affiliation with another hospital or hospital system. Such report shall
272 include: (1) The name and address of each party to the affiliation; (2) a
273 description of the nature of the relationship among the parties to the
274 affiliation; (3) the names of the business entities that provide services as
275 part of the affiliation and the address for each location where such
276 services are provided; (4) a description of the services provided at each
277 such location; and (5) the primary service area served by each such
278 location.

279 Sec. 4. Section 19a-486g of the general statutes is repealed and the
280 following is substituted in lieu thereof (*Effective October 1, 2025*):

281 (a) The Commissioner of Public Health shall refuse to issue a license
282 to, or if issued shall suspend or revoke the license of, a hospital if the
283 commissioner finds, after a hearing and opportunity to be heard, that:

284 (1) There was a transaction described in section 19a-486a that
285 occurred without the approval of the Commissioner of Health Strategy,
286 if such approval was required by sections 19a-486 to 19a-486h, inclusive;

287 (2) There was a transaction described in section 19a-486a without the

288 approval of the Attorney General, if such approval was required by
289 sections 19a-486 to 19a-486h, inclusive, and the Attorney General
290 certifies to the Commissioner of Health Strategy that such transaction
291 involved a material amount of the nonprofit hospital's assets or
292 operations or a change in control of operations; or

293 (3) The hospital is not complying with the terms of an agreement
294 approved by the Attorney General and Commissioner of Health
295 Strategy pursuant to sections 19a-486 to 19a-486h, inclusive.

296 (b) On and after October 1, 2025, the Commissioner of Public Health
297 shall refuse to issue a license to a hospital, or renew any such license, if
298 the commissioner finds, after a hearing and opportunity to be heard,
299 that the main campus of the hospital, as defined in section 19a-486i, as
300 amended by this act, is leased from a health care real estate investment
301 trust, as defined in Section 856 of the Internal Revenue Code of 1986, or
302 any subsequent corresponding internal revenue code of the United
303 States, as amended from time to time, unless such lease was entered into
304 prior to October 1, 2025.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2025</i>	4-274
Sec. 2	<i>October 1, 2025</i>	4-275
Sec. 3	<i>October 1, 2025</i>	19a-486i
Sec. 4	<i>October 1, 2025</i>	19a-486g

Statement of Purpose:

To impose liability on entities that have an ownership interest for violations of the False Claims Act and to prohibit granting a new license or certain renewal of a hospital license with a lease back arrangement for its main campus and require notification to the Attorney General of any such arrangement.

[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.]