



**Governor Ned Lamont
State of Connecticut**



FACT SHEET
2024 Legislative Session

**SENATE BILL 9
*AN ACT PROMOTING HOSPITAL FINANCIAL STABILITY***

The Problem

Connecticut has long had one of the strongest healthcare systems in the country. Recent years have seen greater consolidation in the health care industry, including Connecticut facilities owned by out-of-state, for-profit healthcare companies. In certain cases, our laws overseeing the industry have not proven up to the task: the state does not have sufficient access to full information on hospital finances, and certain critical transfers of ownership use loopholes to escape review. The state must have a role in overseeing large financial transactions involving entities that provide critical, life-sustaining services to Connecticut residents.

Governor Lamont's Solution

Governor Lamont's proposal will strengthen the state's oversight of transfers of ownership involving hospital systems, large group healthcare practices and healthcare facilities, enhance the certificate of need process, and grant DPH additional regulatory authority so that hospitals can continue to provide the best healthcare possible to the people of Connecticut.

OHS transfer of ownership reviews will be enhanced to include all transfers of a controlling interest, no matter what corporate structure the applicant uses. Current law does not require review when a grandparent entity transfers controlling interest in a parent entity, rather than transferring the entity itself. Until January 1, 2026, these new reviews will only fully apply to entities categorized as hospitals, and large group practices and healthcare facilities will have to report the information that would have been included in a CON application. After that date, all hospitals, large group practices and healthcare facilities will be subject to the enhanced transfer of ownership review.

The proposal will also expand OHS's ability to consider a cost and market impact review when issuing certificate of need (CON) determinations, ensuring information about impacts of the most complex transactions can be used when making each CON decision.

OHS will also now be empowered to review, via the CON process, any transfer exceeding 10% of the total assets of a hospital and any total dividend over a three-year period exceeding 20% of the net worth of a hospital.

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Under the bill, DPH will now regulate emergency department diversion policies to ensure transparency and accountability when emergency departments are taking the extreme step of turning patients away.

In cases of substantial noncompliance with DPH regulations, DPH will now have the ability to issue a civil penalty of up to \$25,000, in addition to existing authority to take action against a license or require a hospital to perform corrective actions.