

Public Health Committee JOINT FAVORABLE REPORT

Bill No.: HB-5481

AN ACT CONCERNING THE DEPARTMENT OF PUBLIC HEALTH'S
RECOMMENDATIONS REGARDING CHANGE OF OWNERSHIP IN HEALTH

Title: CARE FACILITIES.

Vote Date: 3/25/2022

Vote Action: Joint Favorable Substitute

PH Date: 3/21/2022

File No.:

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SPONSORS OF BILL:

The Public Health Committee

REASONS FOR BILL:

To prevent the ownership of healthcare facilities by unscrupulous entities, this bill would require that any ownership changes for a Department of Public Health (DPH)-licensed health care facility be subject to review and approval by the department. Currently, certain ownership transfers are exempt from this oversight process, including transfers involving less than 10% of a corporation's stock. In addition, certain requirements would be established in the application process. A proposed new owner must apply at least 120 days before the transfer and the application must include information pertaining to facilities owned or operated by the applicant within the prior five years. The bill also allows the Commissioner of DPH to levy a civil penalty of up to \$1,000 per day for any violations to this process, its laws, or regulations.

RESPONSE FROM ADMINISTRATION/AGENCY:

Manisha Juthani, Commissioner, DPH:

DPH supports the intent of the bill however, requested a change in the language to address a trend seen by the department which allowed owners holding less than 10% stock in a facility to be exempt from a review by DPH. This allowed owners of existing facilities that may have experienced quality -of -care violations or staffing concerns to purchase another facility. In addition, the DPH requested that prospective new owners be required to submit certain financial information regarding dealings with companies or services that may have a financial

interest in the facility, as well as any actions taken against their ownership or interest in another facility.

NATURE AND SOURCES OF SUPPORT:

Connecticut Hospital Association (CHA):

CHA supports the intent of the bill but is concerned that, as drafted, it restricts the ability of DPH to obtain all the necessary information to make an informed decision ensuring that the process will weed out bad actors. CHA requests that the Committee align these new requirements with those outlined statutorily in the change of hospital ownership. CHA believes that the intent of the bill is to ensure that the state is aware of any issues related to the new owner and whether the new owner faces any existing complaints or legal action. It is important for DPH to have information other than what is currently available to the department. We also believe that the Commissioner should have some level of discretion to do an independent evaluation, rather than a blanket denial.

Mag Morelli, President, LeadingAge CT:

LeadingAge supports the concept of this bill but has concerns with the extent of the requirements and restrictions in the decision-making process that do not provide the Commissioner of DPH with the appropriate level of discretion. LeadingAge appreciates the need to develop a process that will not put unnecessary hurdles to appropriate ownership of healthcare facilities. Ms. Morelli offered the following comments on the bill:

- Regarding removing the 10% threshold, ANY change, no matter how minor, would trigger the need to obtain approval necessitating all the application requirements.
- A physical plant inspection would be required in all cases. This could involve a time-consuming process for both the applicant and DPH which could extend beyond the 120 days.
- The requirement to share information regarding pending complaints could be compromised due to the backlogs from the recent pandemic.
- Documents required as part of the process are not always finalized at such an early stage when an application is first submitted.
- DPH's proposal for financial information raises concerns about FOI disclosures. The bill would require submission of this information leaving no discretion to DPH to limit this to only potentially questionable applicants.

LeadingAge welcomes the opportunity to work with the Committee to achieve the appropriate balance in these matters.

Matt Barrett, President/CEO, CT Association of Health Care Facilities and CT Center for Assisted Living (CAHCF/CCAL):

CAHCF/CCAL is not opposed to changes to the ownership process but recommends more input from stakeholders before significant changes are made. CAHCF/CCAL suggests any change to the ownership process must balance DPH's need for sufficient information without placing an undue burden on an individual or corporation from making a simple and inconsequential change to the ownership structure which are currently addressed under both

Connecticut law and Medicare. In his testimony, Mr. Barrett refers to the same concerns as mentioned in the above testimony from Ms. Morelli. CACHF/CCAL cautions that any new requirements do not deter new businesses from investing in CT's health care industry vitally needed at this time.

Coco Sellman, Co-Owner of All Pointe Home Care:

All Pointe specializes in- home nursing care for medically fragile individuals who require intensive at-home medical services. While in favor of existing provisions that prevent ownership of healthcare facilities by unscrupulous individuals, Ms. Sellman has concerns about the extent of the requirements and the restrictive decision-making process that does not provide the Commissioner of DPH with the appropriate level of discretion to do an independent evaluation. While we appreciate the need for DPH to have all the pertinent information to make an informed decision, the need to develop a process that will not put obstacles in the way of appropriate ownership of healthcare facilities is essential. If not balanced appropriately, it could force providers out of business, displace patients, and impact employees. This, at a time when home health providers are already stressed to serve our community.

Tracy Wodatch, President and CEO, The CT Association of Healthcare at Home:

While Ms. Wodatch supports the concept of the bill, she shares the same concerns as outlined above in the testimony from Ms. Sellman and urges the Committee to consider the need for the proper balance so as not to impact the appropriate ownership of healthcare facilities.

NATURE AND SOURCES OF OPPOSITION:

Connecticut Assisted Living Association (CALA):

CALA opposes this legislation as written. The proposed changes in the bill are overly burdensome and many of the provisions would not apply to the Assisted Living Service Agency. CALA is also greatly concerned that these changes will negatively impact the ability of organizations to conduct business in Connecticut. We do not believe that these changes are needed to ensure that DPH has the necessary information to make a decision in these cases. CALA urges no further action on this bill until there can be further review and input from industry stakeholders.

Reported by: Kathleen Panazza

Date: 4/6/2022