



General Assembly

**Substitute Bill No. 5481**

February Session, 2022



**AN ACT CONCERNING THE DEPARTMENT OF PUBLIC HEALTH'S  
RECOMMENDATIONS REGARDING CHANGE OF OWNERSHIP IN  
HEALTH CARE FACILITIES.**

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

1 Section 1. Section 19a-493 of the 2022 supplement to the general  
2 statutes is repealed and the following is substituted in lieu thereof  
3 (*Effective July 1, 2022*):

4 (a) Upon receipt of an application for an initial license, the  
5 Department of Public Health, subject to the provisions of section 19a-  
6 491a, shall issue such license if, upon conducting a scheduled inspection  
7 and investigation, the department finds that the applicant and facilities  
8 meet the requirements established under section 19a-495, provided a  
9 license shall be issued to or renewed for an institution, as defined in  
10 section 19a-490, only if such institution is not otherwise required to be  
11 licensed by the state. If an institution, as defined in subsections (b), (d),  
12 (e) and (f) of section 19a-490, applies for license renewal and has been  
13 certified as a provider of services by the United States Department of  
14 Health and Human Services under Medicare or Medicaid programs  
15 within the immediately preceding twelve-month period, or if an  
16 institution, as defined in subsection (b) of section 19a-490, is currently  
17 certified, the commissioner or the commissioner's designee may waive

18 on renewal the inspection and investigation of such facility required by  
19 this section and, in such event, any such facility shall be deemed to have  
20 satisfied the requirements of section 19a-495 for the purposes of  
21 licensure. Such license shall be valid for two years or a fraction thereof  
22 and shall terminate on March thirty-first, June thirtieth, September  
23 thirtieth or December thirty-first of the appropriate year. A license  
24 issued pursuant to this chapter, unless sooner suspended or revoked,  
25 shall be renewable biennially (1) after an unscheduled inspection is  
26 conducted by the department, and (2) upon the filing by the licensee,  
27 and approval by the department, of a report upon such date and  
28 containing such information in such form as the department prescribes  
29 and satisfactory evidence of continuing compliance with requirements  
30 established under section 19a-495. In the case of an institution, as  
31 defined in subsection (d) of section 19a-490, that is also certified as a  
32 provider under the Medicare program, the license shall be issued for a  
33 period not to exceed three years, to run concurrently with the  
34 certification period. In the case of an institution, as defined in subsection  
35 (m) of section 19a-490, that is applying for renewal, the license shall be  
36 issued pursuant to section 19a-491. Except in the case of a multicare  
37 institution, each license shall be issued only for the premises and  
38 persons named in the application. Such license shall not be transferable  
39 or assignable. Licenses shall be posted in a conspicuous place in the  
40 licensed premises.

41 (b) [(1)] A nursing home license may be renewed biennially after [(A)]  
42 (1) an unscheduled inspection conducted by the department, [(B)] (2)  
43 submission of the information required by section 19a-491a, and [(C)]  
44 (3) submission of evidence satisfactory to the department that the  
45 nursing home is in compliance with the provisions of this chapter, the  
46 regulations of Connecticut state agencies and licensing regulations.

47 [(2)] (c) (1) For the purposes of this subsection, "facility" means any  
48 facility licensed by the Department of Public Health pursuant to chapter  
49 368v and "institution" has the same meaning as provided in section 19a-  
50 490. Any change in the ownership of a facility or institution [, as defined

51 in section 19a-490,] owned by an individual, partnership or association  
52 or the change in ownership or beneficial ownership of [ten per cent or  
53 more of the stock of a corporation] the entity which owns, conducts,  
54 operates or maintains such facility or institution, including a change in  
55 ownership or beneficial ownership resulting in a transfer to a person  
56 related by blood or marriage to such an owner or beneficial owner, shall  
57 be subject to prior approval of the department. [after a scheduled  
58 inspection of such facility or institution is conducted by the department,  
59 provided such approval shall be conditioned upon a showing by such  
60 facility or institution to the commissioner that it has complied with all  
61 requirements of this chapter, the regulations relating to licensure and all  
62 applicable requirements of the regulations of Connecticut state agencies.  
63 Any such change in ownership or beneficial ownership resulting in a  
64 transfer to a person related by blood or marriage to such an owner or  
65 beneficial owner shall not be subject to prior approval of the department  
66 unless: (A) Ownership or beneficial ownership of ten per cent or more  
67 of the stock of a corporation, limited liability company, partnership or  
68 association which owns, conducts, operates or maintains more than one  
69 facility or institution is transferred; (B) ownership or beneficial  
70 ownership is transferred in more than one facility or institution; or (C)  
71 the facility or institution is the subject of a pending complaint,  
72 investigation or licensure action. If the facility or institution is not in  
73 compliance, the commissioner may require the new owner to sign a  
74 consent order providing reasonable assurances that the violations shall  
75 be corrected within a specified period of time. Notice of any such  
76 proposed change of ownership shall be given to the department at least  
77 one hundred twenty days prior to the effective date of such proposed  
78 change.]

79 (2) Not later than one hundred twenty days before the proposed date  
80 of a change in ownership of a facility or institution, the proposed new  
81 owner of such facility or institution shall submit an application for  
82 approval to the department pursuant to subdivision (1) of this  
83 subsection. Such application shall be in a form and manner prescribed  
84 by the commissioner and shall include, but need not be limited to, the

85 following: (A) A cover letter stating the applicant's intent to purchase  
86 the facility or institution and identification of the facility or institution  
87 by name, address, county and number and type of beds licensed by the  
88 department; (B) a description of the proposed transaction, including the  
89 name of each current owner of the facility or institution; (C) the name of  
90 each proposed new owner; (D) the name of each owner of any  
91 nonpublicly traded parent corporation of each proposed new owner; (E)  
92 if applicable, the proposed new owner's organizational chart, such  
93 proposed new owner's parent corporation's organizational chart, and  
94 the organizational chart of each wholly-owned subsidiary of such  
95 proposed new owner; (F) a copy of the agreement of sale and, if  
96 applicable, a copy of any lease or management agreements; (G) a  
97 projection of profits and losses and a capital budget projection,  
98 including, but not limited to, accounts payable with amount due, days  
99 overdue and details of payment to all such accounts, for the three years  
100 following the change in ownership; (H) the name and address of any  
101 licensed health care facility owned, operated or managed by each  
102 proposed owner in the United States or any territory of the United States  
103 during the five years preceding the date on which such application is  
104 submitted and audited financial statements for each such facility for the  
105 three years preceding the date on which such application is submitted;  
106 (I) disclosure of any direct or indirect interests, including such interests  
107 in intermediate entities and parent, management and property  
108 companies and other related entities; (J) a statement that the facility or  
109 institution is not the subject of a pending complaint, investigation or  
110 licensure action in the state or reciprocal action in another state; (K)  
111 disclosure of whether the facility or institution has been subject to (i)  
112 three or more civil penalties imposed through final order of the  
113 commissioner in accordance with the provisions of sections 19a-524 to  
114 19a-528, inclusive, or civil penalties imposed pursuant to the laws or  
115 regulations of another state during the two-year period preceding the  
116 date on which such application is submitted, or (ii) sanctions, other than  
117 civil penalties less than or equal to twenty thousand dollars, imposed in  
118 any state through final adjudication under the Medicare or Medicaid  
119 program pursuant to Title XVIII or XIX of the federal Social Security Act,

120 42 USC 301, as amended from time to time; and (L) disclosure of  
121 whether any proposed new owner's Medicare or Medicaid provider  
122 agreement has been terminated or not renewed in any state. For the  
123 purposes of this subdivision, "organizational chart" means a graphical  
124 representation of an organization, including, but not limited to, the  
125 relationships between such organization's employees, departments and  
126 the jobs within such organization.

127 (3) After receiving an application for change in ownership, the  
128 department shall schedule an inspection of such facility or institution to  
129 determine if the facility or institution has complied with the  
130 requirements of this chapter and the regulations of Connecticut state  
131 agencies relating to licensure of such facility or institution. If a facility  
132 or institution is not in compliance with the requirements of a corrective  
133 action plan or in violation of any provision of the general statutes or the  
134 regulations of Connecticut state agencies, the commissioner may deny  
135 the applicant's change in ownership or require the proposed new owner  
136 to sign a consent order, which shall include, but need not be limited to,  
137 the implementation of a corrective action plan for any such violation  
138 within a specified time period. The commissioner may assess a civil  
139 penalty of not more than one thousand dollars for each day the owner  
140 of the facility or institution is in violation of any provision of the general  
141 statutes or the regulations of Connecticut state agencies or such consent  
142 order. If the commissioner disapproves a change in ownership, a person  
143 related by blood or marriage to the applicant may not apply to acquire  
144 ownership interest in the facility or institution. For the purposes of this  
145 subdivision, "a person related by blood or marriage" means a parent,  
146 spouse, child, brother, sister, aunt, uncle, niece or nephew.

147 (4) For the purposes of this [subdivision] subsection, a change in the  
148 legal form of the ownership entity, including, but not limited to, changes  
149 from a corporation to a limited liability company, a partnership to a  
150 limited liability partnership, a sole proprietorship to a corporation and  
151 similar changes, shall not be considered a change of ownership if the  
152 beneficial ownership remains unchanged and the owner provides such

153 information regarding the change to the department as may be required  
154 by the department in order to properly identify the current status of  
155 ownership and beneficial ownership of the facility or institution. For the  
156 purposes of this subdivision, a public offering of the stock of any  
157 corporation that owns, conducts, operates or maintains any such facility  
158 or institution shall not be considered a change in ownership or beneficial  
159 ownership of such facility or institution if the licensee and the officers  
160 and directors of such corporation remain unchanged, such public  
161 offering cannot result in an individual or entity owning ten per cent or  
162 more of the stock of such corporation, and the owner provides such  
163 information to the department as may be required by the department in  
164 order to properly identify the current status of ownership and beneficial  
165 ownership of the facility or institution.

166       [(c)] (d) (1) A multicare institution may, under the terms of its existing  
167 license, provide behavioral health services or substance use disorder  
168 treatment services on the premises of more than one facility, at a satellite  
169 unit or at another location outside of its facilities or satellite units that is  
170 acceptable to the patient receiving services and is consistent with the  
171 patient's assessment and treatment plan. Such behavioral health  
172 services or substance use disorder treatment services may include  
173 methadone delivery and related substance use treatment services to  
174 persons in a nursing home facility pursuant to the provisions of section  
175 19a-495c.

176       (2) Any multicare institution that intends to offer services at a satellite  
177 unit or other location outside of its facilities or satellite units shall submit  
178 an application for approval to offer services at such location to the  
179 Department of Public Health. Such application shall be submitted on a  
180 form and in the manner prescribed by the Commissioner of Public  
181 Health. Not later than forty-five days after receipt of such application,  
182 the commissioner shall notify the multicare institution of the approval  
183 or denial of such application. If the satellite unit or other location is  
184 approved, that satellite unit or location shall be deemed to be licensed  
185 in accordance with this section and shall comply with the applicable

186 requirements of this chapter and regulations adopted under this  
187 chapter.

188 (3) A multicare institution that is a hospital providing outpatient  
189 behavioral health services or other health care services shall provide the  
190 Department of Public Health with a list of satellite units or locations  
191 when completing the initial or renewal licensure application.

192 (4) The Commissioner of Public Health may adopt regulations, in  
193 accordance with the provisions of chapter 54, to carry out the provisions  
194 of this subsection. The Commissioner of Public Health may implement  
195 policies and procedures necessary to administer the provisions of this  
196 subsection while in the process of adopting such policies and  
197 procedures as regulation, provided the commissioner prints notice of  
198 intent to adopt regulations in the Connecticut Law Journal not later than  
199 twenty days after the date of implementation. Policies and procedures  
200 implemented pursuant to this section shall be valid until the time final  
201 regulations are adopted.

202 Sec. 2. Subsection (a) of section 19a-528a of the general statutes is  
203 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
204 *2022*):

205 (a) For any application of licensure for the acquisition of a nursing  
206 home, any potential nursing home licensee or owner shall submit in  
207 writing, a change in ownership application with respect to the facility  
208 for which the change in ownership is sought. The application shall be  
209 submitted in the form and manner prescribed by the Commissioner of  
210 Public Health. The commissioner shall include on the first page of the  
211 application the following statement: "NOTICE: The State of Connecticut  
212 values the quality of care provided to all nursing home residents. Please  
213 know that any nursing home licensee, owner or officer, including, but  
214 not limited to, a director, trustee, limited partner, managing partner,  
215 general partner or any person having [at least a ten per cent] an  
216 ownership interest in the nursing home or the entity that owns the  
217 nursing home, and any administrator, assistant administrator, medical

218 director, director of nursing or assistant director of nursing may be  
 219 subject to civil and criminal liability, as well as administrative sanctions  
 220 under applicable federal and state law, for the abuse or neglect of a  
 221 resident of the nursing home perpetrated by an employee of the nursing  
 222 home.".

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2022</i>	19a-493
Sec. 2	<i>July 1, 2022</i>	19a-528a(a)

***Statement of Legislative Commissioners:***

In Section 1(c)(1), "facility" and "institution" have the same meanings as provided in section 19a-490" was changed to "facility" means any facility licensed by the Department of Public Health pursuant to chapter 368v and "institution" has the same meaning as provided in section 19a-490" for accuracy; and in Section 1(c)(3), "After receiving an application" was changed to "After receiving an application for change in ownership" for clarity and "If an applicant is not in compliance" was changed to "If a facility or institution is not in compliance" for clarity.

***PH***            *Joint Favorable Subst.*