



General Assembly

***Raised Bill No. 6731***

January Session, 2023

LCO No. 4302



Referred to Committee on PUBLIC HEALTH

Introduced by:  
(PH)

***AN ACT CONCERNING THE DEPARTMENT OF PUBLIC HEALTH'S  
RECOMMENDATIONS REGARDING CHANGE IN OWNERSHIP OF  
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 Section 19a-493 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2023*):

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

16 490, is currently certified, the commissioner or the commissioner's  
17 designee may waive on renewal the inspection and investigation of  
18 such facility required by this section and, in such event, any such  
19 facility shall be deemed to have satisfied the requirements of section  
20 19a-495 for the purposes of licensure. Such license shall be valid for  
21 two years or a fraction thereof and shall terminate on March thirty-  
22 first, June thirtieth, September thirtieth or December thirty-first of the  
23 appropriate year. A license issued pursuant to this chapter, unless  
24 sooner suspended or revoked, shall be renewable biennially (1) after  
25 an unscheduled inspection is conducted by the department, and (2)  
26 upon the filing by the licensee, and approval by the department, of a  
27 report upon such date and containing such information in such form  
28 as the department prescribes and satisfactory evidence of continuing  
29 compliance with requirements established under section 19a-495. In  
30 the case of an institution, as defined in subsection (d) of section 19a-  
31 490, that is also certified as a provider under the Medicare program,  
32 the license shall be issued for a period not to exceed three years, to run  
33 concurrently with the certification period. In the case of an institution,  
34 as defined in subsection (m) of section 19a-490, that is applying for  
35 renewal, the license shall be issued pursuant to section 19a-491. Except  
36 in the case of a multicare institution, each license shall be issued only  
37 for the premises and persons named in the application. Such license  
38 shall not be transferable or assignable. Licenses shall be posted in a  
39 conspicuous place in the licensed premises.

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

46 [(2)] (c) (1) (A) For the purposes of this subsection, (i) "a person  
47 related by blood or marriage" means a parent, spouse, child, brother,  
48 sister, aunt, uncle, niece or nephew, (ii) "business entity" means a

49 corporation, association, trust, estate, partnership, limited partnership,  
50 limited liability partnership, limited liability company, sole  
51 proprietorship, joint stock company, nonstock corporation or other  
52 legal entity, (iii) "facility" means any facility licensed by the  
53 Department of Public Health pursuant to chapter 368v, (iv)  
54 "institution" has the same meaning as provided in section 19a-490, and  
55 (v) "organizational chart" means a graphical representation of an  
56 organization, including, but not limited to, the relationships between  
57 such organization's ownership interests, employees, departments and  
58 the jobs within such organization.

59 (B) For the purposes of this subsection, (i) a change in the legal form  
60 of the ownership entity, including, but not limited to, changes from a  
61 corporation to a limited liability company, a partnership to a limited  
62 liability partnership, a sole proprietorship to a corporation and similar  
63 changes, shall not be considered a change in ownership if the  
64 beneficial ownership remains unchanged and the owner provides such  
65 information regarding the change to the department as may be  
66 required by the commissioner to properly identify the current status of  
67 ownership and beneficial ownership of the facility or institution, and  
68 (ii) a public offering of the stock of any corporation that owns,  
69 conducts, operates or maintains any facility or institution shall not be  
70 considered a change in ownership or beneficial ownership of such  
71 facility or institution if the licensee and the officers and directors of  
72 such corporation remain unchanged, such public offering cannot result  
73 in an individual or entity owning ten per cent or more of the stock of  
74 such corporation, and the owner provides such information to the  
75 department as may be required by the department in order to properly  
76 identify the current status of ownership and beneficial ownership of  
77 the facility or institution.

78 (C) For the purposes of this subsection, "serious risk to the life,  
79 safety, or quality of care of patients or residents" includes, but is not  
80 limited to, any deficiency in state licensure or federal certification  
81 requirements, including the provisions of 42 CFR 488.400 et seq.,

82 resulting in:

83 (i) An action by a state or federal agency to ban, curtail or  
84 temporarily suspend admissions to a facility or to suspend or revoke a  
85 facility's license;

86 (ii) A decertification, termination or exclusion from Medicaid or  
87 Medicare participation, including denial of payment for new  
88 admissions, imposed by the Department of Public Health or by the  
89 Centers for Medicare and Medicaid Services, as a result of  
90 noncompliance with Medicaid or Medicare conditions of participation;

91 (iii) A citation of any deficiency that constitutes a pattern or  
92 widespread scope of harm or immediate jeopardy, or any deficiency  
93 causing widespread actual harm, as described in 42 CFR 488;

94 (iv) A determination that the provider is a "poor performer" on the  
95 basis of a finding of substandard quality of care or immediate  
96 jeopardy, as described in 42 CFR 488, on the current survey and on a  
97 survey during one of the two preceding years. For the purposes of this  
98 subparagraph, "substandard quality of care" means the failure to meet  
99 one or more requirements of 42 CFR 483.13, 42 CFR 483.15 or 42 CFR  
100 483.25, that constitute either immediate jeopardy to resident health or  
101 safety, a pattern of or widespread actual harm that is not immediate  
102 jeopardy or a widespread potential for more than minimal harm, but  
103 less than immediate jeopardy, with no actual harm; or

104 (v) A determination that the facility has failed to correct deficiencies  
105 that have been cited, and that has resulted in a denial by the Centers  
106 for Medicare and Medicaid Services of payment for new admissions or  
107 a requirement by the department to curtail admission.

108 (2) Any change in the ownership or beneficial ownership of a facility  
109 or institution [ , as defined in section 19a-490,] owned by an individual  
110 [ , partnership or association or the change in ownership or beneficial  
111 ownership of ten per cent or more of the stock of a corporation which]  
112 or a business entity that owns, conducts, operates or maintains such

113 facility or institution, including a change in ownership or beneficial  
114 ownership resulting in a transfer to a person related by blood or  
115 marriage to an owner or a beneficial owner, shall be subject to prior  
116 approval of the department. [after a scheduled inspection of such  
117 facility or institution is conducted by the department, provided such  
118 approval shall be conditioned upon a showing by such facility or  
119 institution to the commissioner that it has complied with all  
120 requirements of this chapter, the regulations relating to licensure and  
121 all applicable requirements of the regulations of Connecticut state  
122 agencies. Any such change in ownership or beneficial ownership  
123 resulting in a transfer to a person related by blood or marriage to such  
124 an owner or beneficial owner shall not be subject to prior approval of  
125 the department unless: (A) Ownership or beneficial ownership of ten  
126 per cent or more of the stock of a corporation, limited liability  
127 company, partnership or association which owns, conducts, operates  
128 or maintains more than one facility or institution is transferred; (B)  
129 ownership or beneficial ownership is transferred in more than one  
130 facility or institution; or (C) the facility or institution is the subject of a  
131 pending complaint, investigation or licensure action. If the facility or  
132 institution is not in compliance, the commissioner may require the new  
133 owner to sign a consent order providing reasonable assurances that the  
134 violations shall be corrected within a specified period of time. Notice  
135 of any such proposed change of ownership shall be given to the  
136 department at least one hundred twenty days prior to the effective  
137 date of such proposed change. For the purposes of this subdivision, "a  
138 person related by blood or marriage" means a parent, spouse, child,  
139 brother, sister, aunt, uncle, niece or nephew. For the purposes of this  
140 subdivision, a change in the legal form of the ownership entity,  
141 including, but not limited to, changes from a corporation to a limited  
142 liability company, a partnership to a limited liability partnership, a  
143 sole proprietorship to a corporation and similar changes, shall not be  
144 considered a change of ownership if the beneficial ownership remains  
145 unchanged and the owner provides such information regarding the  
146 change to the department as may be required by the department in  
147 order to properly identify the current status of ownership and

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

159 (3) Not later than one hundred twenty days before the proposed  
160 date of a change in ownership or beneficial ownership of a facility or  
161 institution, the proposed new owner, or in the case of a change in  
162 beneficial ownership, the current owner, of such facility or institution  
163 shall submit an application for approval to the department. Such  
164 application shall be in a form and manner prescribed by the  
165 commissioner and shall include, but need not be limited to, the  
166 following:

167 (A) A cover letter identifying the facility or institution subject to  
168 such change by name, address, county and number and type of beds  
169 licensed by the department;

170 (B) A description of the proposed transaction resulting in such  
171 change, including the name of each current owner of the facility or  
172 institution;

173 (C) The name of each proposed new owner or beneficial owner;

174 (D) The name of each owner of any nonpublicly traded parent  
175 corporation of each proposed new owner and beneficial owner;

176 (E) If applicable, (i) the proposed new owner's organizational chart,  
177 (ii) the proposed new owner's parent business entity's organizational  
178 chart, (iii) the organizational chart of each wholly-owned subsidiary of

179 such proposed new owner, and (iv) the current owner's organizational  
180 chart showing the changes in beneficial ownership;

181 (F) A copy of the agreement of sale or other transfer of ownership  
182 interests and, if applicable, a copy of any lease or management  
183 agreements that will be in effect after the transaction;

184 (G) The name and address of any licensed health care facility  
185 owned, operated or managed by each proposed new owner and  
186 beneficial owner in the United States or any territory of the United  
187 States during the five years preceding the date on which such  
188 application is submitted, and information relating to any such facility,  
189 including:

190 (i) Disclosure of any direct or indirect interests, including such  
191 interests in intermediate entities and parent, management and  
192 property companies and other related entities arising from such  
193 ownership, operation or management;

194 (ii) Disclosure of whether each such facility or institution is the  
195 subject of a pending complaint, investigation or licensure action;

196 (iii) Disclosure of whether each such facility or institution has been  
197 subject to:

198 (I) Three or more civil penalties imposed through final order of the  
199 commissioner in accordance with the provisions of sections 19a-524 to  
200 19a-528, inclusive, or civil penalties imposed pursuant to the laws or  
201 regulations of another state during the two-year period preceding the  
202 date on which such application is submitted;

203 (II) Sanctions, other than civil penalties less than or equal to twenty  
204 thousand dollars, imposed in any state through final adjudication  
205 under the Medicare or Medicaid program pursuant to Title XVIII or  
206 XIX of the federal Social Security Act, 42 USC 301, as amended from  
207 time to time;

208 (III) Termination or nonrenewal of a Medicare or Medicaid provider  
209 agreement;

210 (IV) Any state licensing or federal certification deficiency during the  
211 five-year period prior to the submission of the application that  
212 presented a serious risk to the life, safety or quality of care of the  
213 facility's patients or residents; and

214 (V) Any violation of any state licensing or federal certification  
215 standard in connection with an inappropriate discharge or denial of  
216 admission; and

217 (H) Disclosure of whether each proposed new owner has ever been  
218 convicted or pleaded guilty to a charge of fraud, patient or resident  
219 abuse or neglect or a crime of violence or moral turpitude.

220 (4) After receiving an application for change in ownership, the  
221 commissioner shall schedule an inspection of such facility or  
222 institution to determine if the facility or institution has complied with  
223 the requirements of this chapter and the regulations of Connecticut  
224 state agencies relating to licensure of such facility or institution.

225 (5) When evaluating an application for a change in ownership, the  
226 commissioner shall consider whether each proposed new owner and  
227 beneficial owner demonstrates character and competence, quality of  
228 care and whether an acceptable history of past and current compliance  
229 with state licensure requirements, applicable federal requirements and  
230 state regulatory requirements exists for each licensed health care  
231 facility owned, operated or managed by each proposed new owner  
232 and beneficial owner in the United States or any territory of the United  
233 States during the five years preceding the date on which such  
234 application is submitted. The commissioner may deny an application  
235 for change in ownership if such qualities are not demonstrated, as  
236 evidenced by:

237 (A) Any such licensed health care facility being subject to any  
238 adverse action described in subparagraph (G)(iii) of subdivision (3) of



239 subsection (c) of this section;

240 (B) Any such licensed health care facility exhibiting continuing  
241 violations or a pattern of violations of state licensure standards or  
242 federal certification standards; or

243 (C) An applicant's criminal conviction of, or guilty plea to, any of  
244 the crimes described in subparagraph (H) of subdivision (3) of  
245 subsection (c) of this section.

246 (6) Notwithstanding the provisions of subdivision (5) of this  
247 subsection, the commissioner may deny an application if the  
248 commissioner determines that there is a pending investigation of  
249 actions of the applicant at any facility operated or managed by the  
250 applicant that, if substantiated, would constitute a threat to the life,  
251 safety or quality of care of the patients or residents until such time as  
252 there is a final determination of the allegations underlying the  
253 investigation.

254 (7) If the commissioner denies an application for change in  
255 ownership, a person related by blood or marriage to the applicant may  
256 not apply to acquire ownership interest in the facility or institution.

257 [(c)] (d) (1) A multicare institution may, under the terms of its  
258 existing license, provide behavioral health services or substance use  
259 disorder treatment services on the premises of more than one facility,  
260 at a satellite unit or at another location outside of its facilities or  
261 satellite units that is acceptable to the patient receiving services and is  
262 consistent with the patient's assessment and treatment plan. Such  
263 behavioral health services or substance use disorder treatment services  
264 may include methadone delivery and related substance use treatment  
265 services to persons in a nursing home facility pursuant to the  
266 provisions of section 19a-495c or in a mobile narcotic treatment  
267 program, as defined in 21 CFR 1300.

268 (2) Any multicare institution that intends to offer services at a  
269 satellite unit or other location outside of its facilities or satellite units

270 shall submit an application for approval to offer services at such  
271 location to the Department of Public Health. Such application shall be  
272 submitted on a form and in the manner prescribed by the  
273 Commissioner of Public Health. Not later than forty-five days after  
274 receipt of such application, the commissioner shall notify the multicare  
275 institution of the approval or denial of such application. If the satellite  
276 unit or other location is approved, that satellite unit or location shall be  
277 deemed to be licensed in accordance with this section and shall comply  
278 with the applicable requirements of this chapter and regulations  
279 adopted under this chapter.

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

284 (4) The Commissioner of Public Health may adopt regulations, in  
285 accordance with the provisions of chapter 54, to carry out the  
286 provisions of this subsection. The Commissioner of Public Health may  
287 implement policies and procedures necessary to administer the  
288 provisions of this subsection while in the process of adopting such  
289 policies and procedures as regulation, provided the commissioner  
290 prints notice of intent to adopt regulations in the Connecticut Law  
291 Journal not later than twenty days after the date of implementation.  
292 Policies and procedures implemented pursuant to this section shall be  
293 valid until the time final regulations are adopted.

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|---|--------------|---------|
| This act shall take effect as follows and shall amend the following sections: |              |         |
| Section 1   | July 1, 2023 | 19a-493 |

**PH**      *Joint Favorable*