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| Act Number: | 09-212 | |
| Bill Number: | 1100 | |
| Senate Pages: | 4972-4979 | 8 |
| House Pages: | 9994-10004 | 11 |
| Committee: | Judiciary: 5041-5043, 5395-5400 | 9 |
| | Page Total: | 28 |

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**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2009**

**VOL. 52
PART 15
4667 - 5018**

mwl
SENATE

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May 30, 2009

items to prepare to call.

THE CHAIR:

The Senate will stand at ease.

THE CHAIR:

The Senate will come back to order.

Senator Looney.

SENATOR LOONEY:

Yes, thank you, Mr. President. We have a few more items to mark but will mark two at this time to be marked go. First, is on Calendar Page 30, Calendar 469, Senate Bill 1100 and also Calendar Page 32, Calendar 518, Senate Bill 1026. If the Clerk might call those items next, Mr. President.

THE CHAIR:

Thank you, sir.

Mr. Clerk.

THE CLERK:

Calendar Page 30, Calendar Number 469, File number 684, Senate Bill 1100, AN ACT CONCERNING MEDICAL GROUP CLINIC CORPORATIONS, Favorable Report of Committees on Judiciary and Public Health. Clerk is in possession of Amendments.

THE CHAIR:

Senator McDonald.

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SENATOR MCDONALD:

Thank you, Mr. President. Mr. President, I move acceptance of the Joint Committee's Favorable Report and passage of the Bill.

THE CHAIR:

Acting on approval of the Bill, sir, will you remark further?

SENATOR MCDONALD:

Yes, Mr. President. Mr. President, I believe the Clerk is in possession of LCO 8776. I ask that it be called and I be granted leave to summarize.

THE CHAIR:

Mr. Clerk.

MR. CLERK:

LCO 8776 which will be designated Senate Amendment Schedule A as offered by Senator McDonald of the 27th District.

THE CHAIR:

There's a motion on the floor for summarization by the Senator. Without objection, please proceed, sir.

SENATOR MCDONALD:

I move adoption of the Amendment.

THE CHAIR:

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There's a motion for adoption. Without objection, please proceed.

SENATOR MCDONALD:

Thank you, Mr. President. Mr. President, this is a strike all Amendment which makes some relatively technical corrections to our corporate laws regarding medical group practices and it is necessitated by the fact that the ways in which medical providers can collaborate with hospitals is a highly technical area that is the result of some opinions from the Attorney General going back to 1954.

Under this legislation, Mr. President, it allows nonprofit hospitals and health systems to establish medical group clinic corporations that can employ physicians and other health care providers and allows for the formation of medical foundations to assist in the provision of health services and the provision of frankly corporate protections for those services.

THE CHAIR:

Will you remark further on Senate A?

Senator Kissel.

SENATOR KISSEL:

Thank you very much, Mr. President. A few questions, through you, to the proponent of the

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Amendment which becomes the Bill?

THE CHAIR:

Senator McDonald.

SENATOR KISSEL:

Thank you very much, Mr. President. Earlier this year we had some proposals before the Judiciary Committee one of them was to change the impact of the Antitrust Laws on medical practitioners such that they could better negotiate with insurance companies. It's my understanding that this Bill doesn't touch upon that issue. Is that correct? Through you, Mr. President.

THE CHAIR:

Senator McDonald.

SENATOR MCDONALD:

That's correct.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much. And -- and that being the case I was just wondering what the genesis for this particular proposal was. Was -- was it a court case or was it a -- just the industry itself having some issues that they needed us to resolve? Through you,

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Mr. President.

THE CHAIR:

Senator McDonald.

SENATOR MCDONALD:

Thank you, Mr. President. Well, through you, Mr. President, the ability of physicians as we know to practice in the State of Connecticut is getting more difficult and many physicians are moving away from the private entrepreneurial aspects of those practices. This would allow for hospitals and health systems to help collaborate in a way to allow those physicians to form into medical group clinic corporations and medical foundations essentially for business reasons and -- and entrepreneurial reasons.

THE CHAIR:

Senator Kissel.

SENATOR KISELL:

Thank you very much, Mr. President. One last question -- I am unaware of any opposition to this Amendment. It's my understanding that it was negotiated by all parties. Is the proponent of the Amendment which becomes the Bill aware of any opposition in the building to this particular proposal? Through you, Mr. President.

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THE CHAIR:

Senator McDonald.

SENATOR MCDONALD:

Thank you, Mr. President. I -- actually I should have said that this was the result of a wonderful collaboration by all parties involved and want -- want to also thank Senator Harris for his help as well. But as far as I know, Senator Kissel, there's nobody in opposition to this.

THE CHAIR:

Senator Kissel.

SENATOR KISEEL:

Thank you very much and I'd also like to thank Senator McDonald. Over the past several weeks he's kept me apprised as to the progress regarding this particular proposal and I'm glad that we've reached an amicable resolution today and I strongly support the Amendment which becomes the Bill. Thank you, Mr. President.

THE CHAIR:

Thank you, sir. Will you remark further on Senate A? Will you remark further on Senate A? Let me try your minds. All those in favor please signify by saying aye.

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VOICES:

Aye.

THE CHAIR:

Opposed, nays. The ayes have it. Senate A is adopted. Will you remark further on Senate Bill 1100 as amended by Senate A? Will you remark further? If not, Mr. Clerk, please call for a roll call vote. The machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber? Immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber?

THE CHAIR:

Have all Senators voted?

If all Senators have voted, please check your vote. Machine will be locked. The Clerk will call tally.

THE CLERK:

Motion is on passage of Senate Bill 1100 as amended by Senate Amendment Schedule A.

Total number voting 35

Those voting aye 35

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Those voting nay 0

Those absent not voting 1

THE CHAIR:

The Bill passes as amended.

Senator Looney.

SENATOR LOONEY:

Yes, thank you, Mr. President. Mr. President, would move for immediate transmittal of Senate Bill 1100 to the House of Representatives.

THE CHAIR:

There's a motion on the floor for immediate transmittal. Seeing no objection, so ordered.

Mr. Clerk.

THE CLERK:

Calendar Page 32, Calendar Number 518, File Number 759, Substitute for Senate Bill 1026, An Act Concerning the Tolling of Time Periods for Bringing a Civil Action While Police Investigations Are Pending, Favorable Report of Committee on Judiciary and Public Safety.

THE CHAIR:

Senator McDonald.

SENATOR MCDONALD:

Thank you, Mr. President. I move acceptance of

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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2009**

**VOL.52
PART 31
9841 – 10189**

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HOUSE OF REPRESENTATIVES

June 3, 2009

| | |
|-----------------------------|-----|
| Those voting Yea | 144 |
| Those voting Nay | 0 |
| Those absent and not voting | 7 |

DEPUTY SPEAKER ALTOBELLO:

The Bill passed in concurrence with the Senate.

Would the Clerk please call Calendar Number 705.

THE CLERK:

On Page 24, Calendar Number 705, Senate Bill
Number 1100 AN ACT CONCERNING MEDICAL GROUP CLINIC
CORPORATIONS. Favorable Report of the Committee on
Public Health.

DEPUTY SPEAKER ALTOBELLO:

Representative Fox of the 146th, you have the
floor, sir.

REP. FOX (146th):

Thank you. Thank you, Mr. Speaker. I move for
the acceptance of the Joint Committee's Favorable
Report and passage of the Bill in concurrence with the
Senate.

DEPUTY SPEAKER ALTOBELLO:

The question before the Chamber is acceptance of
the Joint Committee's Favorable Report and passage of
the Bill in concurrence with the Senate. Please
proceed, sir.

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REP. FOX (146th):

Thank you, Mr. Speaker. This Bill is designed, this Bill came about because there are physicians in Connecticut and around the country who are seeing a decrease in reimbursement as well as increased overhead costs, and what is happening is that doctors are seeking alternatives to the private practice of medicine model as a way to continue in the practice of medicine. And currently, our statutes do not allow for these alternatives.

What this Bill will do is allow for medical group clinic corporations to employ physicians and other healthcare providers to deliver the needed care that is so essential to our communities especially in the area of primary care.

Now, Mr. Speaker, the Clerk has an Amendment. It's a strike all, LCO Number 8776. I ask that it be called and I be permitted to summarize.

DEPUTY SPEAKER ALTOBELLO:

Will the Clerk please call LCO Number 8776.

THE CLERK:

LCO Number 8776, Senate "A", offered by Senator McDonald.

DEPUTY SPEAKER ALTOBELLO:

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Representative Fox seeks leave of the Chamber to summarize. Seeing no objection, please proceed, sir.

REP. FOX (146th):

Thank you, Mr. Speaker. This Amendment, Senate Amendment "A" does become the Bill. The sections, if I could quickly go through the different sections of this Amendment.

What it states in Section 1, it's just a delineation of the State Statutes that are applicable to the, and the definitions that are applicable to this Bill.

Section 2 would permit hospitals or health systems to become members of a medical foundation. It also would indicate the effective date of the statute, as well as allowing these medical foundations to file a certificate of incorporation with the Secretary of State.

It also states that in order to reconcile with private statutes, that a medical group clinic corporation that existed under a 1995 statute could bring itself within this statute by amending its certificates of incorporation, electing to be bound.

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It also states that any medical foundation with respect to that previous 1995 statute would be grandfathered.

In addition, it states that this is a voluntary process, and those that do not expressly bring themselves within this, the requirements of this statute, would not then be bound by this medical foundation language.

Mr. Speaker, Section 4 of the Amendment states that the sole business of the medical foundation will be the delivery of healthcare services.

Section 5 states that the name of the medical foundation needs to be descriptive of its services or identity if it's a member of a hospital or health system.

Mr. Speaker, Section 6 states that medical foundations will be subject to the statutory requirements for all business corporations, except for the exceptions that are delineated in this statute.

And it also states that the medical foundations will not be considered hospital affiliates for OHCA reporting purposes. That's Section 8. So I urge adoption of the Amendment.

DEPUTY SPEAKER ALTOBELLO:

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The question before the Chamber is adoption of Senate "A". Representative O'Neill of the 69th, you have the floor, sir.

REP. O'NEILL (69th):

Yes, thank you, Mr. Speaker. And if I could just ask a couple of questions. This Senate "A" in terms of the difference between it and the underlying file copy in a few words, if the Representative could just briefly, what's the major difference between Senate "A" and the underlying file copy> Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fox.

REP. FOX (146th):

Through you, Mr. Speaker, I know that the overall, I believe the overall goal is the same. I was not involved in the negotiations with respect to Senate Amendment "A".

I do know that there were a number of interested groups that were involved and this was the correction that they, or the Bill that they came up with as part of their negotiations. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative O'Neill.

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REP. O'NEILL (69th):

Thank you, Mr. Speaker. I have to confess as I'm looking at the underlying Bill and looking at Senate Amendment "A", it does appear like there's no substantial difference between them. It's just a bundle of technical and language changes that they're dealing with here, looking at the summary of Senate "A", particularly that OLR has produced.

And with Senate "A", which will become the Bill, basically what we would be authorizing is an exception to our prohibition on the corporate practice of medicine. Is that true? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fox.

REP. FOX (146th):

Through you, Mr. Speaker, yes.

DEPUTY SPEAKER ALTOBELLO:

Representative O'Neill.

REP. O'NEILL (69th):

And the basic reason why we're doing this in terms of improvement of quality of care or opportunities for access to medicine, I mean, what is the basic benefit to the consuming public of us doing this?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fox.

REP. FOX (146th):

Through you, Mr. Speaker, the testimony that I have had an opportunity to review indicated that our current statutes are somewhat prohibitive. This will enable additional access or expanded access for patients, and that is essentially the purpose for this, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative O'Neill.

REP. O'NEILL (69th):

And still, even after the passage of this, the people that are treated in connection with these medical foundations will still have a physician who is personally responsible and liable for their treatment, and who's going to be making the decisions for their care.

It's not going to be a corporate decision, but there will continue to be a professional medical decisions that's going to be rendered in terms of the delivery of care.

Is that true? Through you, Mr. Speaker.

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DEPUTY SPEAKER ALTOBELLO:

Representative Fox.

REP. FOX (16th):

Through you, Mr. Speaker, yes.

DEPUTY SPEAKER ALTOBELLO:

Representative O'Neill.

REP. O'NEILL (69th):

And we're not authorizing anything that would constitute an unfair, in violation of our anti-trust statutes. This is not creating any kind of medical union or anything like that? Is that correct?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fox.

REP. FOX (146th):

Through you, Mr. Speaker, I think there was a question that I was going to give a no answer to and then a yes, but that was correct. It does not create the entity that the Representative described.

DEPUTY SPEAKER ALTOBELLO:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Mr. Speaker. Because I think everyone has some concerns about the direction, which medicine

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might be going and the relationship between doctors and hospitals, and I think it's important that as we go forward that we provide the medical profession with modern corporate arrangements and business arrangements so that they can be efficient, but at the same time retain the relationship that the patient has with the doctor and that the doctor would exercise the kind of independence of judgment necessary for rendering proper care.

And I do believe that the Amendment does provide for the improvements to corporate form and organization while at the same time preserving the necessary relationship between the doctor, the hospital and the patient so that every one of them still continues to exercise their own independent judgment and that the relationships that they have are properly preserved.

And so, with that, Mr. Speaker, I would support the Amendment. Thank you.

DEPUTY SPEAKER ALTABELLO:

Thank you. Further on Senate "A"? Further on Senate "A"? If not, I'll try your minds. All those in favor please signify by saying Aye.

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Aye.

DEPUTY SPEAKER ALTOBELLO:

Opposed? The Ayes have it. The Amendment is
adopted. Further on the Bill as amended? If not,
staff and guests please retire to the Well of the
House. Members take your seats. The machine will be
opened.

THE CLERK:

The House of Representatives is voting by Roll
Call. Members to the Chamber.

The House is voting by Roll Call. Members to the
Chamber, please.

DEPUTY SPEAKER ALTOBELLO:

Have all Members voted? Have all Members voted?
Please check the board to make sure your vote is
properly cast.

If all Members have voted, the machine will be
locked. Would the Clerk please take and announce the
tally.

THE CLERK:

Senate Bill Number 1100 as amended by Senate "A"
in
concurrence with the Senate.

Total Number Voting

149

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HOUSE OF REPRESENTATIVES

June 3, 2009

| | |
|-----------------------------|-----|
| Necessary for Passage | 75 |
| Those voting Yea | 149 |
| Those voting Nay | 0 |
| Those absent and not voting | 2 |

DEPUTY SPEAKER ALTOBELLO:

The Bill as amended passes in concurrence with
the Senate.

Would the Clerk please call Calendar Number 457.

THE CLERK:

On Page 11, Calendar Number 457, House Bill
Number 6698 AN ACT CONCERNING THE 2009 REVISOR'S
TECHNICAL CORRECTIONS TO THE GENERAL STATUTES.
Favorable Report of the Committee on Judiciary.

DEPUTY SPEAKER ALTOBELLO:

Representative Fox of the 146th, you have the
floor, sir.

REP. FOX (146th):

Thank you, Mr. Speaker. I move for the
acceptance of the Joint Committee's Favorable Report
and passage of the Bill.

DEPUTY SPEAKER ALTOBELLO:

The question before the Chamber is acceptance of
the Joint Committee's Favorable Report and passage of
the Bill. Please proceed, sir.

**JOINT
STANDING
COMMITTEE
HEARINGS**

**JUDICIARY
PART 16
4929 - 5265**

2009

quote, subordinate our portion of the lien, unquote, which the city refused to do. Mrs. Womack then had to pay the city \$7,000, and DECD \$11,000 in order to get the release of the lien and complete the refinance of her house mortgage. I told her she should get a lawyer to get her money back. She did and hasn't. Her legal fees of approximately \$15,000. In 2005, she obtained justice from Judge Robinson in New Briton Superior Court, who, prior to the start of the trial, after reading the complaint and my deposition, urged the city to return the \$7,000, which they did. The completion of the lawsuit against the city in her favor was communicated to DECD, anticipated they would likewise return the amount of her check to them. They refused and within a year of their denial, her claim was filed with the Claims Commission. The Claims Commission denied her claim using a time line that we believe is inappropriate. We respectfully ask that you correct this injustice by DECD by reversing the decision of the Claims Commission and giving Mrs. Womack her money back from the state of Connecticut. Thank you for your consideration.

SENATOR MCDONALD: And thank you for your testimony. Are there any questions? Thanks a lot. Bill Aseltyne, followed by JoAnne Faulkner.

BILL ASELTINE: Good morning, Senator McDonald, members of the Committee. My name is Bill Aseltyne. I'm the general counsel of Yale New Haven Health System and Yale New Haven Hospital. I appreciate the opportunity to speak here today in support of raised bill 1100, an Act Concerning Medical Group Clinic Corporations.

Yale New Haven Health System is an integrated health care organization consisting of Yale, New Haven, Bridgeport and Greenwich Hospitals as well as other affiliated health care providers. We also are affiliated with the Yale School of Medicine and serving the entire state of Connecticut. Physicians across the nation as well as here in Connecticut are finding it increasingly difficult to sustain their private practice. Connecticut's practice environment is burdened by relatively high cost reimbursement. This has posed significant challenges in recruiting and retaining physicians in our community, as you heard from the State Medical Society, we're at risk of losing physicians from the state. In response, many physicians are seeking employment opportunities where they still will be able to practice medicine but without the responsibility of also running small businesses. At the same time, graduating medical residents are increasingly reluctant to go into private practice and they, too, are seeking employment opportunities. Yale New Haven Health strongly supports raised bill 1100 because physicians' services must continue to be accessible to Connecticut residents. This bill would permit the formation of not-for-profit medical group clinics, organized within health care systems. These clinics could employ physicians regardless of hospital affiliation, who would devote their time to caring for patients. The administrative and back office functions and other practices would be handled centrally and often, more cost effectively. Medical group clinics would address the demand by physicians, particularly graduating residents entering practice for more stable practice environments.

In addition, raised bill 1100 would allow health systems to make mission grants to support the medical group clinics, including start-up operations and facilitating the way for more seamless care. These relationships would also promote the introduction of new technology including, for example, electronic medical records. Massachusetts and Vermont are among the many states that have created entities such as the medical group clinic proposed by raised bill 1100.

Before I conclude, let me say what this bill would not do. It would not force any physician into an employment arrangement. Where these organizations exist in other states, they do so in tandem with private practice. Again, we believe this legislation would help to address an emerging and vital need and that is assuring continued accessibility to physician services for Connecticut residents. Thank you for allowing me to speak here today. I would be happy to answer any questions.

SENATOR MCDONALD: Thank you very much. While this deals with corporate laws, it also deals with health stuff that I'm not terribly familiar with. Would this apply to any health system, Stamford Health System at my hospital in Stamford?

BILL ASELTINE: Yes, the way the bill is drafted, it would apply to not-for-profit health systems. So that was specific because in order to be a not-for-profit corporation, the entity meets certain requirements. In this state, most not-for-profits also are tax exempt for federal tax purposes and meets the requirements of a 501c3 status, a charity.

**JOINT
STANDING
COMMITTEE
HEARINGS**

**JUDICIARY
PART 17
5266 - 5611**

2009



**Testimony of Yale New Haven Health System
Before the Judiciary Committee
March 20, 2009**

RB 1100, An Act Concerning Medical Group Clinic Corporations

Good afternoon Chairmen Lawlor and McDonald and members of the Judiciary Committee. My name is Bill Aselyne. I am Vice President and General Counsel at Yale-New Haven Hospital and Yale New Haven Health System. I appreciate the opportunity to speak with you today in support of Raised Bill 1100, An Act Concerning Medical Group Clinic Corporations.

Yale New Haven Health System is an integrated health care system consisting of Yale-New Haven, Bridgeport and Greenwich Hospitals as well as the other health care services associated with the three hospitals. We are also affiliated with the Yale School of Medicine. One in five state residents receives inpatient care at a Yale New Haven Health System hospital.

We all are aware of how the global financial crisis has affected almost every sector of our state's economy. Health care is not immune from these economic forces. Before the current economic crisis began last year, physicians already were finding it increasingly difficult to sustain private practice and were requesting, in greater numbers, affiliation with health care systems. Many graduating resident physicians are choosing not to join private practices or establish their own but rather are pursuing employment in health care systems. This is particularly true in Connecticut, a high-cost state with declining reimbursement rates. Life style choices, cost of practice, and the need for greater integration of care among health care providers are all factors increasing the interest of young and older physicians in employment by large health care systems.

The costs and headaches of running a business have forced many physicians to seek alternatives to private practice. The Connecticut State Medical Society conducted a Physician Workforce Survey released in September 2008, which found that almost 20% of the respondents planned either a career change or to leave the state because of Connecticut's practice environment.

Consequently, even if the federal government is successful in extending healthcare coverage to more Americans, the aging of our physician workforce and the inadequate number and distribution of physicians in the State to care for an aging population could inhibit patient access. When Massachusetts enacted universal coverage for its residents, according to that state's medical society, there was a spike in demand for primary care physicians, leading to shortages in many areas and waits for appointments as long as one year.

Physicians are an important part of our health care system. Of course it takes many professionals working as a team to provide the sophisticated health care services needed by our citizens but without physicians patients don't get treated, diagnoses don't get made and public health declines.

Given the challenges of keeping physicians practicing in Connecticut, the legislation before you is critical with or without comprehensive health care reform.

Yale New Haven Health System strongly supports this Bill because we believe that it will help to ensure that physicians continue to be accessible to Connecticut residents.

Raised Bill 1100 would permit the formation of nonprofit medical group clinics where physicians could devote their time to caring for their patients, while the administrative and back-office functions would be handled centrally and cost effectively. These clinics would be organized under a health care system, and they would address the demand by physicians, particularly new doctors entering practice, for more stable practice arrangements free from the administrative burdens of a practice. Also, by centralizing practices, greater efficiencies would be realized and new technologies would be more readily introduced including, for example, electronic medical records.

Without the corporate form created by this Bill, the ability of not-for-profit health care systems to help physicians who request employment assistance is limited because of several federal laws that govern the arrangements between hospitals and physicians. These laws—for example, the federal Anti-Kickback Statute and what's known as the Stark II Law—essentially prohibit hospitals or health care systems from supporting independent physician practices.

Massachusetts and Vermont are among many states that have created entities known as medical clinics or foundations to address these issues and to provide a nonprofit practice venue affiliated with a health care system.

Raised Bill 1100 would allow nonprofit health care systems to make mission grants to medical group clinics, to support their start up efforts and operations, and pave the way for more seamless care. Inherent in this Bill is the concept that, because these medical clinics would be part of an integrated delivery system, they can more easily share necessary information with hospitals and other affiliated providers.

This legislation would not force any physician into a nonprofit clinic. It would not affect the existing private organizations through which many physicians currently practice medicine. But it would add an alternative for those physicians seeking this type of stable model in which to deliver care. In addition, for those physicians concerned about their own succession planning, this legislation would create another option to sustain care for their patients after they retire and, therefore, benefit not only those physicians but their patients who will be assured of continuity of care.

Again, thank you for this opportunity to support Raised Bill 1100.

Technical Changes Recommended to House Bill 1100, An Act Concerning Medical Group
Clinic Corporations

(Additions to text of original bill indicated by text in *italics*;
deletions to text of original bill indicated by text ~~strikethrough~~)

General Assembly

January Session, 2009

Raised Bill No. 1100

LCO No. 4518

04518_____JUD

Referred to Committee on Judiciary

Introduced by:

(JUD)

AN ACT CONCERNING MEDICAL GROUP CLINIC CORPORATIONS.

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

Section 1. (NEW) (*Effective July 1, 2009*) As used in sections 1 to 6, inclusive, of this act:

(1) "Health system" means a nonprofit entity consisting of a parent corporation of one or more hospitals licensed pursuant to chapter 368v of the general statutes, and affiliated through governance, membership or some other means; and

(2) "Provider" *shall have the same meaning as set forth in section 20-7b(b) of the general statutes* ~~means a physician licensed under chapter 370 of the general statutes, a chiropractor licensed under chapter 372 of the general statutes or a podiatrist licensed under chapter 375 of the general statutes.~~

Sec. 2. (NEW) (*Effective July 1, 2009*) (a) Any health system may organize and become a member of a medical group clinic corporation for the purpose of practicing medicine and providing health care services through employees or agents of such corporation who are licensed pursuant to section 20-9 of the general statutes and through other providers.

(b) Such medical group clinic corporation shall not operate for profit and may operate at such locations as are designated by its members.

Sec. 3. (NEW) (*Effective July 1, 2009*) (a) Sections 1 to 6, inclusive, of this act shall not apply to any corporation organized prior to July 1, 2009, for the purposes of practicing medicine and providing health care services to the public under any other law specifically authorizing the provision of such services by a corporation that was valid at

the time of such corporation's organization. Any such corporation may bring itself within the provisions of sections 1 to 6, inclusive, of this act by amending its certificate of incorporation in such manner as to be consistent with the requirements of sections 1 to 6, inclusive, of this act and by affirmatively stating in the amended certificate of incorporation that the members or shareholders, as the case may be, have elected to bring the corporation within the provisions of sections 1 to 6, inclusive, of this act. To the extent that such corporation has a current provider agreement with the Department of Social Services, the provider agreement shall *remain in effect notwithstanding the foregoing automatically transfer to the new corporation upon the amendment to its certificate of incorporation.*

(b) Any actions taken by a medical group clinic corporation formed under chapter 594 of the general statutes, revision of 1958, revised to 1995, and in existence on September 30, 1995, and continuing to operate as such a corporation from September 30, 1995, until July 1, 2009, are hereby validated, provided such corporation elects not later than July 1, 2010, to bring itself within the provisions of sections 1 to 6, inclusive, of this act in the manner described in subsection (a) of this section.

Sec. 4. (NEW) (*Effective July 1, 2009*) No medical group clinic corporation organized under sections 1 to 6, inclusive, of this act shall engage in any business other than the rendering of health care services for which it was specifically incorporated, except that nothing in sections 1 to 6, inclusive, of this act or in any other provision of law applicable to corporations shall be interpreted to prohibit such medical group clinic corporation from investing its funds in real estate, mortgages, stocks, bonds or any other type of investments, or from owning real or personal property incident to the rendering of professional services.

Sec. 5. (NEW) (*Effective July 1, 2009*) The corporate name of a medical group clinic corporation organized under sections 1 to 6, inclusive, of this act shall contain the words "corporation" or the abbreviation "Inc." or "Corp." and shall also contain either a word or words descriptive of the professional service to be rendered by the medical group clinic corporation or shall include a reference to the name of the member health system.

Sec. 6. (NEW) (*Effective July 1, 2009*) Chapter 602 of the general statutes is applicable to a medical group clinic corporation organized pursuant to sections 1 to 6, inclusive, of this act, except to the extent that any of the provisions of sections 1 to 6, inclusive, of this act are interpreted to be in conflict with the provisions of said chapter 602, in which event the provisions of sections 1 to 6, inclusive, of this act shall take precedence with respect to such medical group clinic corporation. A medical group clinic corporation organized under sections 1 to 6, inclusive, of this act may consolidate or merge only with another medical group clinic corporation organized under sections 1 to 6, inclusive, of this act or under chapter 594 of the general statutes, revision of 1958, revised to 1995, that is validated pursuant to section 3 of this act, a professional corporation organized under chapter 594a of the general statutes, a limited liability company organized under chapter 613 of the general statutes or a partnership or limited liability partnership

organized under chapter 614 of the general statutes, if such corporation, company or partnership is organized to render the same specific professional services.

Sec. 7. Section 33-182i of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2009*):

Chapter 601 is applicable to a corporation organized pursuant to this chapter except to the extent that any of the provisions of this chapter are interpreted to be in conflict with the provisions of chapter 601, in which event the provisions of this chapter shall take precedence with respect to a corporation organized pursuant to the provisions of this chapter. A professional corporation organized under this chapter may consolidate or merge only with another professional corporation organized under this chapter, a limited liability company organized under chapter 613, [or] a partnership or limited liability partnership organized under chapter 614 or a medical group clinic corporation organized under sections 1 to 6, inclusive of this act, if such corporation, company, [or] partnership or medical group clinic corporation is organized to render the same specific professional service. A merger or consolidation of any professional corporation organized under this chapter with any foreign corporation, foreign limited liability company, foreign partnership or foreign limited liability partnership is prohibited.

Sec. 8. Section 19a-630a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2009*):

As used in sections 19a-638 to 19-639c, inclusive, "affiliate" means a person, entity or organization controlling, controlled by or under common control with another person, entity or organization. In addition to other means of being controlled, a person is deemed controlled by another person if the other person, or one of that other person's affiliates, officers or management employees, acting in such capacity, acts as a general partner of a general or limited partnership or manager of a limited liability company. "Affiliate" does not include a medical group clinic corporation organized under sections 1 to 6, inclusive of this act.

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| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | July 1, 2009 | New section |
| Sec. 2 | July 1, 2009 | New section |
| Sec. 3 | July 1, 2009 | New section |
| Sec. 4 | July 1, 2009 | New section |
| Sec. 5 | July 1, 2009 | New section |
| Sec. 6 | July 1, 2009 | New section |
| Sec. 7 | July 1, 2009 | 33-182i |

Sec. 8

July 1, 2009

19a-630a

Statement of Purpose:

To validate certain medical group clinic corporations in existence in 1995 and continuing in existence since 1995 that comply with the requirements of this act, and allow for the establishment of new medical group clinic corporations.

[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.]