

PA13-14

SB0967

House	2934-3007	74
Public Health	2384-2391, 2393, 2663	10
Senate	1253-1259, 1284-1286	10
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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2013**

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

THE CLERK:

Mr. Speaker, House Bill Number 5617.

Total Number Voting 143

Necessary for Passage 72

Those voting Yea 133

Those voting Nay 10

Those absent and not voting 7

DEPUTY SPEAKER RYAN:

The bill passes.

Are there any introductions or announcements?

Hearing none, will the Clerk please call Calendar Number 492.

THE CLERK:

Mr. Speaker, on Page 33, Calendar Number 492,

Senate Bill 967 AN ACT CONCERNING EXPENSES RELATED TO THE USE OF NONPROFIT HOSPITALS, THE SALE OF NONPROFIT HOSPITALS. Excuse me.

DEPUTY SPEAKER RYAN:

Thank you. Representative Johnson of the 49th.

REP. JOHNSON (49th):

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Good afternoon, Mr. Speaker. I move the Joint Committee's Favorable Report and passage of the bill.

DEPUTY SPEAKER RYAN:

The question before the Chamber is on acceptance of the Joint Committee's Favorable Report and passage of the bill. Representative Johnson, you have the floor.

REP. JOHNSON (49th):

Yes, thank you, Mr. Speaker. This bill will allow the Attorney General's Office to charge, to increase the charges from \$300,000 to \$500,000 for each purchaser, for profit purchaser of a nonprofit hospital.

So, it will also apply beginning 1/1/13.

DEPUTY SPEAKER RYAN:

Thank you, Representative.

REP. JOHNSON (49th):

I move for its adoption.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Will you remark further on the bill? Representative Srinivasan of the 31st.

REP. SRINIVASAN (31st):

Good afternoon, Mr. Speaker.

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DEPUTY SPEAKER RYAN:

Good afternoon, sir.

REP. SRINIVASAN (31st):

Thank you. Through you, Mr. Speaker, I have a few remarks, a few questions to our distinguished Chair of the Public Health Committee and a comment or two.

The current cap that we have of \$300,000 was enacted back in 2003 following the review and sale of one hospital. I am told that it is possible that in this calendar year, or AG's office may be called upon to review and maybe these reviews may occur on a simultaneous basis, as many as four, if not even more transactions involving hospitals and hospitals with greater assets than the one that was done back in 2003.

This review needs to be done within a reasonable timeframe so that the affected hospitals and the communities that they serve will not suffer uncertainty and unnecessary regulatory delay. And this, of course, will come with a price tag.

Through you, Mr. Speaker, to the proponent of the bill.

DEPUTY SPEAKER RYAN:

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Please proceed, sir.

REP. SRINIVASAN (31st):

Thank you, Mr. Speaker. Through you, Mr. Speaker, do we know the cost of the review that was done in 2003 or just prior to 2003 that made the change to the \$300,000?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

Thank you, Mr. Speaker. Through you, the cost of the conversion from nonprofit to for profit for the Sharon Hospital conversion was \$150,000. Thank you.

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Srinivasan.

REP. SRINIVASAN (31st):

Through you, Mr. Speaker, if multiple reviews are done at the same time, will they overlap in services that are provided, because that's quite possible? Will this then be able, through this bill that the charges these hospitals may incur may not be all the way up to the \$500,000?

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Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

I thank the Ranking Member for his question, and there should be economies of scale with each different negotiation for each different change from a nonprofit to a for profit hospital.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Srinivasan.

REP. SRINIVASAN (31st):

Through you, Mr. Speaker, will this change from \$300,000 to the \$500,000, these big numbers don't roll off my tongue, you know, \$500,000, will that be in any way a burden to the Connecticut taxpayer?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

Thank you so much. I thank you for your question, and through you, this will not be a burden to the Connecticut taxpayer. This is a cost that will

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be borne by the purchaser, a for profit purchaser to a nonprofit hospital.

DEPUTY SPEAKER RYAN:

Representative Srinivasan.

REP. SRINIVASAN (31st):

And my final question through you to the Chairwoman of the Public Health Committee, if this bill were not to pass, what could be the consequences of that?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

There could be a number of difficulties that would transpire if this bill were not to pass.

First of all, the Attorney General's Office is charged with the duty of making sure that the transition from a for profit, from a nonprofit to a for profit is done, that the nonprofit institution has done its due diligence, that there are no conflicts of interest in the transfer, that the fair market value is addressed in terms of the cost of the sale and that there's an analysis, no manipulation done to the fair market value of the hospital.

Also, they want to make sure that the assets of the hospital are not at risk so that the hospital will be able to continue to provide the services that it's always provided.

And then finally, as many of us are aware, there are charitable trusts that have a certain designated purpose for the hospital, and this will also make sure that the charitable trusts will remain there for the designated purpose no matter whether the hospital is for profit or not for profit. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Srinivasan.

REP. SRINIVASAN (31st):

Thank you, Mr. Speaker, and I want to thank the esteemed Chair for her answers this afternoon.

For profit hospitals will soon become a part of our landscape and by increasing the amount in this transaction will make sure that the oversight will be done in a timely manner and what is music to all of us in this Chamber is that this increase in price is not done at the cost, at the expense of our Connecticut taxpayer.

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I urge all my colleagues, both sides of the aisle to support this very timely legislation.

Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Alberts of the 50th District.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. If I may, a question to the proponent of the bill before us.

DEPUTY SPEAKER RYAN:

Please proceed.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. There was just an exchange between the Ranking Member, I believe of the Committee and the Chair of the Committee regarding this bill, and I just wanted to clarify that from what I heard, there is no cost that would be borne if this bill were to be passed by the taxpayers of the State of Connecticut. Did I hear that right? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Mr. Speaker, that is correct.

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DEPUTY SPEAKER RYAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. So, if there's no cost to be borne by the taxpayer, then who bears the cost of the potential increase in these contractual charges?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

The cost is borne by the purchaser. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. And who does the proponent of the bill will ultimately pay the costs that are associated with those increased contractual costs? Will they be eventually passed on to the health care consumer?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

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REP. JOHNSON (49th):

The purchaser will pay and the purchaser will make a determination as to whether or not the purchaser can afford to make the purchase.

DEPUTY SPEAKER RYAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. So I guess, and I thank the proponent for her answers. There is a cost to be borne here.

My concern whenever we open-endedly increase the proposed costs is that we need to actually remember that this is real money that's taking place in terms of being exchanged. Someone's going to pay the cost for this. There's a for profit motive in this transaction.

Potentially, contractors who might contract with the Attorney General perhaps might actually increase the fees that they may propose to charge to the state because they'll know that there is a higher cap that is authorized.

So for those reasons, Mr. Speaker, I will be voting against this bill. I think this bill ultimately is not needed at this time. Thank you.

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DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Zupkus of the 89th District.

REP. ZUPKUS (89th):

Thank you, Mr. Speaker. Through you, I'd like to ask a question to the proponent of the bill.

DEPUTY SPEAKER RYAN:

Please proceed, ma'am.

REP. ZUPKUS (89th):

Thank you. As I understand it right now it's \$300,000 for the Attorney General to determine the assets of a nonprofit. What is the timeline of that?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Mr. Speaker, 120 days.

DEPUTY SPEAKER RYAN:

Representative Zupkus.

REP. ZUPKUS (89th):

Thank you, and if I may, one more question.

DEPUTY SPEAKER RYAN:

Please proceed.

REP. ZUPKUS (89th):

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Through you, Mr. Speaker, so if it's 130 days and it goes to, oh, I'm sorry, 120, sorry. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Okay, Representative Zupkus.

REP. ZUPKUS (89th):

Thank you. So with the time frame now as 120 days, when it goes up to \$500,000, what will the timeframe be?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Mr. Speaker, the time remains the same, but the size of the transactions has expanded a great deal. There have been a number of changes in the hospital services since the \$300,000 amendment was passed in 2003 and so what we have now is a lot of hospitals, as you may be aware, have undergone some types of mergers and the assets are much, much larger. The hospitals are bigger, and so hence we will need to have more in the way of oversight to make sure that the values in the hospital are maintained. Through you, Mr. Speaker.

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DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative
Zupkus.

REP. ZUPKUS (89th):

Thank you, Mr. Speaker. Just one more if I may.
So for a hospital, for instance in my area, that has
not undergone any of those mergers, what happens with
them as far as expanding on those. I do understand if
it's a merger you have more things to look at and
comprehend and go through.

But what happens to the hospitals that haven't
done that? Will it remain the same at \$300,000 or
will it be according to what they're going to look at?

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

This only applies to when a for profit hospital
actually, you know, purchases, has a purchase and sale
agreement, a real estate agreement, so to speak, but
much more complex than something like a real estate
transaction and they are purchasing a not for profit.

And as you know, not for profit institutions
don't pay taxes. It's in our statutory scheme. So
the taxpayers for years and years have supported the

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idea of a philanthropic institution. Once it changes from a nonprofit to a for profit, all those resources must be protected because the taxpayers paid for those.

So what we're going to try and do is make sure they're protected and that's why the Attorney General's Office is involved in making sure that there is no fraud, that there is no misrepresentation of the value of the assets. All those kinds of things are going to be protected and that is why we need to have this additional money.

I thank you so much for your questions. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Zupkus.

REP. ZUPKUS (89th):

Thank you very much and thank you for answering them.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Noujaim of the 74th, the pride of Waterbury.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. Good afternoon to you, sir.

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DEPUTY SPEAKER RYAN:

Good afternoon.

REP. NOUJAIM (74th):

Good to see you, as always. Mr. Speaker, through you I do have some questions and some comments to the proponent of the bill. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Please proceed, sir.

REP. NOUJAIM (74th):

I am under the impression that this review coincides with an application called CON, Certificate of Need. Am I correct? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Mr. Speaker, it's part of the process, yes.

DEPUTY SPEAKER RYAN:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you. And through you, Mr. Speaker, it is my understanding that the \$300,000 fee has already been assessed for the past ten years or so.

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So now, through you, Mr. Speaker, we just jumped in, in one lump sum from \$300,000 to \$500,000?

Through you, Mr. Speaker, to Representative Johnson, is there any specific reason why this \$500,000 has been assessed? What is the logic for \$500,000?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

The increase has to do with the size of the facilities.

DEPUTY SPEAKER RYAN:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker, and based on Representative Johnson's answer, does this mean that smaller hospitals, if they go to apply for a CON they will have to rely or pay a smaller amount or perhaps a larger amount of that \$500,000?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

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Through you, Mr. Speaker, it's not just a Certificate of Need process. Certificate of Need process is advisory by the Attorney General's Office. It's not as though there were an addition added on to the hospital or the hospital was closing down. It's not a straightforward Certificate of Need process, so this has to do with providing advice on the change and circumstances and the change from going to a nonprofit to a for profit.

DEPUTY SPEAKER RYAN:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker, and through you, Mr. Speaker, to Representative Johnson. This jump from \$300,000 to \$500,000, is it an arbitrary figure or it's based on some studies that says we need this much amount in order for us to study this process? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

This is based on the Attorney General's analysis of the size of the transfers, the need for counsel and

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the need for accounting firms to assist with the
analysis.

DEPUTY SPEAKER RYAN:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. And through you, Mr.
Speaker, to Representative Johnson, is this money that
is paid by hospitals going into the general fund or
going into a specific fund? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Mr. Speaker, this money is paid to
the Attorney General's Office for them to be able to
provide the service of the analysis, to make sure that
the assets of the hospital are not wasted or lost.

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you. Thank you, Representative Johnson.
And through you, Mr. Speaker, just to make sure that I
elaborate on this question, are we saying that this
money is going to a special account that resides in

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the office of the Attorney General or it is going into the general fund of the State of Connecticut and then that (inaudible) Attorney General will draw from that amount to pay for the services? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

The money is going to be paid so the Attorney General's Office can actually process these, do this analysis. That's why the money is being paid, being paid for the services of the Attorney General.

DEPUTY SPEAKER RYAN:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. And through you, Mr. Speaker, I am sorry to be redundant on the question, but is that fund, of this money that is being paid by hospitals going to a general fund or a specific account? That's what I need to know. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

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The money is going to be paid for the services paid for the services provided by the Attorney General to make sure that the assets are not wasted.

The procedure by which the money is paid will probably be through a permitting process that they have to go through, so I'm going to only speculate on that.

I think that the bill focuses on the fact that the Attorney General's Office needs this amount of money to actually process the transaction so there's no waste, there's no waste.

DEPUTY SPEAKER RYAN:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. And through you, Mr. Speaker, are those funds being paid to services that are rendered by state employees to review and approve the process and the change or they will be paid to consultants that are hired from outside of the State of Connecticut?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

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Through you, Mr. Speaker, they're paid, the money will go to pay consultants.

DEPUTY SPEAKER RYAN:

Representative Noujaim.

REP. NOUJAIM (74th):

Mr. Speaker, I saw the exclamation point on your face, but I know it was a good question. Thank you, Mr. Speaker.

And through you, Mr. Speaker, see, it was a good question. Through you, Mr. Speaker, once again, you don't have to blush.

DEPUTY SPEAKER RYAN:

Too late.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker, and through you, Mr. Speaker, there are some hospitals, which I am aware of that would do, become for profit, however, they will continue to have a foundation and the foundation will be a charitable organization essentially.

So if a hospital attempts to establish a charitable foundation at the same time they become for profit, would this fee of \$500,000 still apply to them or they will be charged a reduced fee? Through you, Mr. Speaker.

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DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Mr. Speaker, the, as I stated before, the bill is intended to preserve the assets of the hospital, which includes charitable gifts that have been given for certain purposes, hospital trust fund money, which is used for specific purpose, so all of those things are going to be analyzed in terms of the purchase. They are hospital assets and they are there to be protected in the transaction and that's why the Attorney General's Office is involved. That's why the statute exists, and that's why we need to increase the amount because the value of the assets in most of these instances we're faced with now is much, much larger than when the bill was originally passed to address the Sharon Hospital transfer, which was from a nonprofit to a for profit. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. And through you, Mr. Speaker, if there is a change of ownership of a

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hospital from a nonprofit hospital to another nonprofit hospital, but it would still be a change of ownership, would this fee be assessed at \$500,000 or it will remain at \$300,000?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

There should be no change.

DEPUTY SPEAKER RYAN:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. May I ask, through you, Representative Johnson to elaborate by the no change. Is it \$300,000 or \$500,000? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

Zero. Through you, Mr. Speaker, Zero.

DEPUTY SPEAKER RYAN:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. So through you, if there is a change of ownership from nonprofit to nonprofit,

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but there is a change of ownership still, and the hospital applies for a CON then there will be no fee whatsoever applied or implied to them? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

That's correct.

DEPUTY SPEAKER RYAN:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. Mr. Speaker, I would like to extend the gratitude to Representative Johnson and to the Committee for their work on this bill.

However, I must respectfully vote no on this piece of legislation. The problem that I have, Mr. Speaker, every time we have something that is going from charitable to non-charitable or nonprofit to profit all of a sudden we just immediately decide to increase the fees on the processes because it becomes a for profit situation.

Well, what happened to us now if we see an institution, whether it is an educational institution, a hospital institution, or any kind of institution

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that ends up being profitable, all of a sudden we Legislators here in the General Assembly start smelling the dollar sign and we say, we want to take money from them and put it into the general fund.

If Sharon Hospital or Waterbury Hospital or any other hospitals decided not to be a for profit, this bill would not be in place today. We just immediately find the fact that there is a situation where somebody is going to become for profit and we say, well, how can we take some more money from them right now, and that's exactly what's happening to us.

We just smell the fact that somebody is going to make profit on something, even though a hospital will end up investing everything they make into the infrastructure of the hospital and in all likelihood the investors will not take a penny out of that institution.

But what we do is, we smell the fact that there is money involved and we decide that we are going to jack up the price on them just because it is for profit, and for that reason, Mr. Speaker, I respectfully will vote no on this legislation. Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

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Thank you, sir. Representative Betts of the 78th District.

REP. BETTS (78th):

Thank you very much, Mr. Speaker, if I may pose a couple of questions, through you to the proponent.

DEPUTY SPEAKER RYAN:

Please proceed, sir.

REP. BETTS (78th):

Yes. Representative Johnson, I believe the bill says this is going to be retroactive to January 1 2013. Could you explain to the Chamber why this date was selected?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

Yes, Mr. Speaker. Through you, the fact is that there are a number of hospitals that are in the process of making, being purchased at this point in time and the workload will be increasing over the next several months.

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Betts.

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REP. BETTS (78th):

Thank you very much. And do you know if the Attorney General's Office has money in its budget to fulfill this responsibility, as this is one of their jobs?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

Thank you. The Attorney General's Office does not have an adequate supply of money to address the transfers that are required under statute. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Betts.

REP. BETTS (78th):

Thank you very much. Well, the reason why I'm curious about that is, I don't know what an adequate of money is needed. I was reading through the testimony and I didn't see any itemized list. It was more generalities in terms of what they were saying that they needed to increase the \$300,000 to \$500,000 for, and then it just occurred to me as we were going through this, if you're going to do it on that basis

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without being specific, it strikes me as if, as Representative Noujaim just said, we could go to for profit acquisitions and continue to increase above \$500,000 and yet we still won't have any more clearer idea as to why this extra money is needed, or more importantly, where is the money going to be going to.

I heard you say before it was going to be going to outside contractors and I'm wondering, if this is a competitive bidding situation, and they've seen that they've increased the budget from \$300,000 to \$500,000, it strikes me as if it makes perfect sense for these people who are bidding for the work to increase the amount of hours and dollars that they would be charging to get this work done. Would you agree with that, Representative Johnson, with that evaluation? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

No. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Betts.

REP. BETTS (78th):

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And if I could ask the good Chair, could you explain to me why she doesn't think that scenario would take place?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Mr. Speaker, because I believe that they'll be judicious in the amount that they charge, and that they are trying to develop economies of scale for this new world that we're in with respect to hospital mergers and acquisitions and expansions.

And so, as they develop the expertise, the cost of doing these negotiations or this analysis, rather, will go down. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Betts.

REP. BETTS (78th):

I thank you for that answer. But with all due respect, my brother is an attorney in New York City and is a partner in the law firm in a very unique area such as the hospitals. It's not the hospitals, it's a different area.

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And I can attest to the fact that when you are an expertise in a growing and merging area, prices don't go down. They go up.

So I have a lot of concerns, not only about the increase here, but where the money's going to be going, how it's going to be spent as well as knowing where, as Representative Alberts has said, who's going to be the ultimate payer for these expenses?

I think the job of doing the auditing and investigation is critically important and that's why I certainly share the good lady's motivation for trying to bring this bill forward.

But I certainly question the amount and think we need to have a little bit more justification for going from \$300,000 to \$500,000 and that's the reason why I will be opposing this even though I supported it in Committee.

Thank you so much, Mr. Speaker, and thank you, Madam Chair, not Madam Chair.

DEPUTY SPEAKER RYAN:

Thank you. Representative Perillo of the 113th.

REP. PERILLO (113th):

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Mr. Speaker, thank you very much. If I may, through you, sir, a few questions to the proponent of the bill.

DEPUTY SPEAKER RYAN:

Please proceed.

REP. PERILLO (113th):

Thank you, Mr. Speaker. And just to clarify. Representative Betts had asked a question before and I just want some clarity on it.

The effective date of this legislation would be, I believe, January 1, of 2013, so what would have been a \$300,000 max will now become a \$500,000 max. Is that for any work that occurred after 1/1/2013?

Through you, sir.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

Yes. Yes, Mr. Speaker. Through you.

DEPUTY SPEAKER RYAN:

Representative Perillo.

REP. PERILLO: (113th):

Thank you, Mr. Speaker, and I have a follow up. So any entity that entered into an effort to purchase a hospital here in the State of Connecticut, entered

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into that expectation, entered into that effort

expecting that the maximum they would pay is \$300,000.

So we are now here on May 7th changing the rules on them and making that \$500,000. Is that correct?

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

It's my understanding that the people who are involved and all the contractors and people who are interested in making these purchases, because they are investments after all, and they are not deterred, that they are pleased with the bill and they are aware of it.

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Perillo.

REP. PERILLO (113th):

Okay. So then to clarify, those purchasers or potential purchasers are okay with the fact that the rules were changed and when they went to purchase the hospital originally they were going to pay \$300,000 but now they're going to pay \$500,000? Okay. I don't know if I would be okay with the rules changed on me

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to have to pay an extra 200K, but I guess these folks are.

Who would determine, through you, Mr. Speaker, what that total amount charged to the hospital would be? I understand the Attorney General's Office is doing this work, so who would determine what the full price tag of that work would be to that purchasing entity?

Through you, sir.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

It would be like any other agreement that you make. You make a decision based on whatever services you're provided. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Perillo.

REP. PERILLO (113th):

No, I understand that and I thank her for the answer. My question is, who would make that determination whether it's going to be \$300,000, or \$400,000, or \$487,000.72? Who's sending that bill? Who's determining what that bill amount should be?

Through you, sir.

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DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

Well, first of all they have to determine what type of work they would like to have done and then they make a decision about that. They have legal work they need to have done and financial work. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Perillo.

REP. PERILLO (113th):

I'm sorry, and thank you. And just to clarify, the Chair of the Public Health Committee used the word they. To whom is she referring when she uses that word they?

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

The Attorney General's Office. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Perillo.

REP. PERILLO (113th):

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Thank you. So the Attorney General's Office upon seeing this application, this potential for purchase, is going to determine the amount of work that needs to be done, both financial and legal. They're going to determine the scope of that work. They're going to determine the cost of that work based upon that scope, write up that invoice and give it to the purchasing entity.

So, the purchasing entity isn't determining what the scope should be. The entity that's being purchased isn't determining what the scope should be, nor are they determining the amount of work and time it should take to do that, but indeed, the Attorney General, who has statutory authority to do this work is determining what the price tag is. Is that correct?

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

That's correct. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Perillo.

REP. PERILLO (113th):

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So in this particular case, I mean, we're going from \$300,000 to \$500,000, so it's foreseeable that a review that on December 31, 2013 would have cost \$300,000, quite frankly now, for the same amount of work could cost \$500,000. No additional work done, no change in scope, but because the statute is changed and the maximum is changed, even though the AG's Office theoretically did not do any additional work, they get to collect an additional \$200,000. Is that correct?

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

I don't think that's true. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, and I thank her for the answer. If I could follow up that question. Why does she not think that's true? Through you.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

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I don't think it's true because I think that the reason for the bill is that the sizes and mergers and acquisitions has increased enormously since 2003 and so the work that is needed to be done is expanded, hence it will cost instead of \$300,000, \$500,000.

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you very much, Mr. Speaker, and I thank her for the answer. Are there any other charges that would be incurred by the purchasing entity in the course of the purchase of a nonprofit hospital?

I understand there's this current \$300,000 and perhaps \$500,000 if this bill were to pass. What other charges are there in the course of the review of this purchase?

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Mr. Speaker, I don't understand your question.

DEPUTY SPEAKER RYAN:

Representative Perillo.

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REP. PERILLO (113th):

I'll gladly clarify. The Attorney General's Office right now can charge a purchasing entity up to \$300,000. Are there any other agencies within the State of Connecticut that can also charge for their review of the potential purchase? Through you.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Mr. Speaker, any other agencies, like what other agencies?

DEPUTY SPEAKER RYAN:

Representative Perillo.

REP. PERILLO (113th):

As an example, sir, the Department of Public Health.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

No. Through you, Mr. Speaker. Oh, my apologizes. Also, OCHA can do 150, \$150,000. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Perillo.

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REP. PERILLO (113th):

So to clarify, the Department of Public Health can charge up to a maximum of \$150,000 and then if this bill were to pass the maximum this purchasing entity could be charged is not actually \$500,000, is actually \$650,000. Is that correct?

DEPUTY SPEAKER RYAN:

Representative Perillo. Excuse me.

Representative Johnson. I'm sorry.

REP. JOHNSON (49th):

Could you please rephrase the question?

DEPUTY SPEAKER RYAN:

Representative Perillo.

REP. PERILLO (113th):

Gladly. Thank you, Mr. Speaker. So to clarify, we've been discussing all along that the bill to a potential purchaser will be, is currently \$300,000, would become \$500,000, but in reality, if this bill were to pass, the full maximum amount of the bill from the State of Connecticut would not be \$500,000, it could be up to \$650,000. Is that correct?

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

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That may be correct.

DEPUTY SPEAKER RYAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and to clarify. So during the course of this review process, which is done both by the Attorney General's Office and the Commissioner of the Department of Public Health, those I understand are two different determinations.

What would happen if the Attorney General deems the purchase to be inappropriate and disapproved it while the Department of Public Health, the Commissioner, deemed that the purchase were appropriate and should go forward? What if there were a stalemate? Through you, sir.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

What if there is a stalemate? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Yeah, Representative Perillo, I believe that's a question to you.

REP. PERILLO (113th):

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Absolutely, and I will clarify. Current statute at 19a-486 states that this review is conducted by the Attorney General's Office and the Commissioner of Public Health. They each make a determination.

What would happen if the Attorney General's Office determined that the purchase should be disapproved while the Commissioner of Public Health determined that the purchase should be approved? What if there was a difference of opinion? What if there was that stalemate as I referred to before, and what sort of arbitration would occur between those two individuals.

Through you, sir.

DEPUTY SPEAKER RYAN:

Representative Johnson. Would you like the question repeated ma'am? Representative Perillo, would you mind repeating the question?

REP. PERILLO (113th):

Shall I repeat that, sir?

DEPUTY SPEAKER RYAN:

I think so.

REP. PERILLO (113th):

Gladly. The question is, in Section 19a-486, it enumerates the procedure by which a potential

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purchaser must go through in order to have approval.

The individuals involved in that approval process are the Attorney General and his staff and the Commissioner of Public Health and in this case, her staff.

What would happen if the Attorney General's Office deemed that the application should be disapproved while the Commissioner of Public Health and her staff deemed that the purchase should be approved?

So you've got the DPH saying it should be approved, the AG's Office saying it should not. What would happen in that case? Through you, Mr. Speaker.

REP. JOHNSON (49th):

Through you, Mr. Speaker, those are two --

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

I'm sorry. Those are two different sets of laws that they would be applying so they would still have to utilize the analysis that is done through the

Attorney General's Office, which is to protect the assets versus the Certificate of Need issues that

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are addressed through the Public Health Commissioner's Office.

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker. I'm still not clear, though, what would happen if one of the individuals, either the Attorney General or the Commissioner of Public Health --

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. PERILLO (113th):

No, no, no, no, no. If I could, I was not finished with my question --

DEPUTY SPEAKER RYAN:

Okay, I'm sorry.

REP. PERILLO (113th):

But I could tell that the Chair of the Public Health Committee was distracted by my colleague.

DEPUTY SPEAKER RYAN:

Right.

REP. PERILLO (113th):

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What would happen if the Attorney General's Office deemed that the application should be disapproved, while at the same time the Commissioner of Public Health deemed that it should be approved?.

I understand that those are separate processes, but it was not clear to me what would happen if there were those different determinations. How would that be arbitrated? How would that be sorted out?

You've got the Commissioner of Public Health theoretically in one hand saying that this is in the best interest of public health and you've got the Attorney General on the other hand saying that the numbers don't work. So you've got two state agencies at odds over what is a very, very important determination.

How does that get settled? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Mr. Speaker. They are separate issues, separate laws, separate determinations. These are things that happen all the time when you're dealing with complicated statutory schemes. I don't

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think that that's a big issue. Thank you. Through
you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and I would respectfully
disagree with that. This is not something that
happens all the time and this is not a minor issue,
and I don't think it would be an insignificant
problem.

This is a very significant issue and massive
purchases that are extraordinarily complex and we
don't see them all that often.

The last merger we saw here in the State of
Connecticut that was acted on was a merger between
Yale-New Haven Hospital and the Hospital of St.
Raphael's in New Haven.

So my question is, how much money was charged by
the Attorney General's Office in that case?

Through you, sir. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Johnson.

REP. JOHNSON (49th):

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I believe that both hospitals are not for profit so there wouldn't be any money charged.

Through you, Madam Speaker.

DEPUTY SPEAKER RYAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Madam Speaker, and I thank her for the answer. I think she's correct about that, which begets a question, though.

The Attorney General's Office goes through a very rigorous review process in Section 19a-486c in the instance that a not for profit is purchased by a for profit entity.

Why is that same process not carried out when a nonprofit entity purchases a nonprofit hospital?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Madam Speaker, because when a nonprofit institution exists in the community they are not required to pay tax, property tax, and so because of the investments that the public has made in that particular institution over many, many years, the

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value of the assets in that institution must be protected and must, we must make sure that we do not lose that value, and that's why the Attorney General's Office is involved. That's why the legislation exists. That's why we had to increase the cost.

And through you, Madam Speaker, that's the answer.

DEPUTY SPEAKER ORANGE:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Madam Speaker and I can understand that to some degree, but it clearly states that the scope of the Attorney General's review among other things, is to ensure that the merger will result in the promotion of health care generally in the affected community.

So all of these considerations that the AG must take into consideration in making their determination when a not for profit hospital is purchased by a for profit entity, it would seem to me that they are just as legitimate, just as important in a situation where a nonprofit hospital is purchased by a nonprofit entity.

At the end of the day, the AG's Office is attempting to ensure that a) the merger can carry forth and that the entity can continue to survive such that we will maintain access to health care and b) that that health care provided will be of sufficient quality.

It would seem to me that those two concerns are just as important when a hospital is purchased by a nonprofit entity as they are when a hospital is purchased by a for profit entity.

So I'm just simply wondering why nonprofit entities are not subject and scrutinized by the same process that for profit entities are when at the end of the day we want to make sure that access is provided in a quality manner.

Why the differentiation? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Madam Speaker, well, the IRS actually puts any nonprofit through a huge, rigorous process with respect to the filing of their tax forms every year. They're reviewed in terms of their

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assets, and again the state has allowed, and the federal government in some circumstances have allowed them not to pay taxes, so they are being reviewed in that respect.

There are a number of times when you have nonprofit conversions to for profits. It's not that they're any less legitimate or providing any worse service, it's that the assets of the people have to be protected and that's what we're doing in the circumstance with this bill.

We must protect the people's assets. The people have invested in these things, so we must continue to protect that so that the service delivery can be maintained and continued. Through you, Madam Speaker.

DEPUTY SPEAKER RYAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Madam Speaker, and I thank the Chair of the Public Health Committee for her answer. I don't necessarily agree with it, but I appreciate the thought that went into it.

As I read here again, along those lines of why one group and not another, this is about the sale of nonprofit hospitals. But here in the State of

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Connecticut we have one for profit hospital. We are soon to have more. What if one of those for profit hospitals were sold? Would this piece of legislation, would this particular part of the statute come into play? Would the Attorney General's Office have to review the purchase of a for profit hospital?

Through you, Mr. Speaker.

DEPUTY SPEAKER ORANGE:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Mr. Speaker, no.

DEPUTY SPEAKER RYAN:

Representative Perillo.

REP. PERILLO (113th):

Thank you. I appreciate that answer. If the Chair could explain why we wouldn't put the purchase of a for profit hospital through the same scrutiny that we put a nonhospital profit through? Through you, Madam Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Madam Speaker, because the investment of the taxpayers in a nonprofit institution

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is constant and ongoing. Every single day we have any nonprofit facility, whether it's a hospital or some other institution that provides philanthropic services in accordance with the IRS Tax Code. That investment by the taxpayers is ongoing and should be respected and once it's a for profit entity, then the forces of the market are there and the institution will be paying taxes like everybody else, so the assets will be looked at in a different way.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Madam Speaker, and I thank her for the answer. A common theme I'm hearing is that the taxpayers obviously have a vested interest in the not for profit because it's not taxable and the nonprofit has benefitted from that, and obviously we're very concerned about how we spend taxpayer dollars in the delivery of health care here in the State of Connecticut.

But my belief is that it is not just nonprofit hospitals that receive Medicaid dollars. It is also for profit hospitals that receive Medicaid dollars.

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Medicaid dollars as we know, are matched 50 percent by the federal government but that other 50 percent comes from taxpayers here in the State of Connecticut.

So why would we not want to scrutinize those Medicaid reimbursements that were given both to the nonprofit and the for profit hospital, why we not want to scrutinize both equally? It would seem to me we have a vested interest ensuring that all mergers, all acquisitions, whether they be by a nonprofit, of a nonprofit, by a for profit, of a for profit, or by a for profit of a nonprofit. We would want to make sure that all of those mergers and acquisitions can stand the test of time, can ensure adequate access and can ensure that the access to that care is at high level of quality.

It seems to me that this statute, not just the changing of \$300,000 to \$500,000, it would seem to me that this statute as it exists right now is extraordinarily inconsistent. We're treating one class of purchasers different than any other class of purchaser and we're treating one class of purchasee different than any other class of purchasee, and to me, that just doesn't make sense.

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If this is truly aimed, if this statute and this bill before us are truly aimed at ensuring quality care and strong access to it here in the State of Connecticut, then we can't be treating institutions differently.

We have to look at a hospital as a hospital as a hospital, whether they make money or don't, whether they pay taxes or don't, whether they're for profit or not. That's what we need to be doing here.

This statute when you really break it down and look at it from that level, is not serving the State of Connecticut well, is not serving its residents well, is not serving the utilizers of care well because it picks and chooses. It picks winners and it picks losers. It cherry picks and I don't think that's what we should be doing here in statute.

There were a lot of question that honestly were not answered to my satisfaction, I would imagine to the satisfaction of others. This is a bill that I supported in Committee hoping that we would gain some clarify on some of these issues and to date we have not, and here we are on May 7th with an opportunity to vote on a bill that has no additional clarify, that

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doesn't seem to make sense in my eyes any more than it did back when we voted on it in Committee.

So for that reason I will not be supporting it. I thank the distinguished Chair of the Public Health Committee for her answers to my questions, but unfortunately I cannot agree with her and I will not be supporting the bill.

DEPUTY SPEAKER ORANGE:

Thank you, sir. Will you care to remark further on the bill before us? Will you care to remark further? Representative Willis of the 64th. You have the floor, madam.

REP. WILLIS (64th):

Thank you, Madam. I felt compelled to get up and speak on this bill and why it is critically important to the State of Connecticut.

The first two years that I served in the Legislature I spent on the sale of Sharon Hospital. The conversion law that is in place in Connecticut, which governs the sale of a for profit, excuse me of a nonprofit to a for profit was very well thought out in many respects and protected our citizens.

This bill continues to protect the taxpayers and it protects the communities, and I will tell you why.

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It is a very complicated process. It took two years.

It took two years of work by the attorneys at the Attorney General's Office, not one attorney, not two attorneys, but several attorneys working on it.

It took outside counsel, people who specialized in health care in order to go through the Office of Health Care Access process.

Then it needed people to go through the protection of the assets. A foundation had to be established. Attorneys that specialized in forensics had to go back and look at wills dating back 100 years, handwritten, to see where people's bequests should go. It took hundreds and hundreds of dollars.

These sales are hundreds, they're tens and tens of millions of dollars. The sale of Sharon Hospital was about \$18 million. A foundation had to be established. The Attorney General's Office helped in that establishment, which I can't thank them enough and I can't thank the Office of Health Care Advocate enough, Access, enough for the work that was put in this to protect us.

In terms of the difference between a for profit going to another for profit, or more specifically a nonprofit going to another nonprofit, you do not have

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the questions of tracing assets. You do not have the problem of setting up a foundation and protecting the community. All kinds of controls have to be put in place.

It costs the taxpayers of Connecticut a lot of money to go through this conversion from a not for profit to a for profit. I think it is very wise upon us in this Body to protect the taxpayers and the communities that need to ensure that we have the resources to ensure that the conditions are put in place to protect our local hospitals' assets when that transfer takes place.

I thank you very much, Madam Speaker for your time and everyone in the Chamber.

DEPUTY SPEAKER ORANGE:

Thank you, Madam. Will you care to remark further on the bill before us? Will you care to remark further? Representative Giuliano of the 23rd, you have the floor, madam.

REP. GIULIANO (23rd):

Thank you, Madam Speaker. Madam Speaker, through you, a couple of questions to the proponent of the bill, please.

DEPUTY SPEAKER ORANGE:

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Please proceed.

REP. GIULIANO (23rd):

Thank you, Madam. As I'm reading through the bill, one of the things that strikes me as unusual and perhaps somewhat provocative is the effectiveness date being a kind of retrofit. The bill, which we are debating here on May 8th of this year would actually, according to the language, take place for transactions filed on or after January 1, 2013. Now that is five months previous.

And through you, Madam Speaker, if I might ask the rationale for a retrofit? Through you.

DEPUTY SPEAKER ORANGE:

Representative Johnson.

REP. JOHNSON (49th):

The rationale is that there are approximately five separate possible sales and the size of the institutions that are at issue are very, very large, much larger than anything that's occurred since 2003.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Giuliano.

REP. GIULIANO (23rd):

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Thank you, Madam Speaker. And through you, if there are currently five substantive sales in need of processing, I think it continues to beg the question of why the retroactivity? Clearly, when you need to bring to bear the actions of the Department of the Attorney General as well as the actions of the Department of Public Health for a bill to take effect that involves a very lengthy and substantive process at many levels, the retroactivity dimension continues to elude me.

I'm perplexed as to how this might support this bill and support the processes that these hospitals are going through? Through you, Madam Speaker.

DEPUTY SPEAKER RYAN:

Representative Johnson.

REP. JOHNSON (49th):

It's like any other fee change. You may have been planning to sell your house and all of a sudden the Legislature changes the cost of the registration of the title at the town hall and that's similar to what's happened here. No one has completed his agreement. They are in the process of doing them.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

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Representative Giuliano.

REP. GIULIANO (23rd):

Thank you, Madam Speaker, and I think that the Chairwoman's point speaks to my point, and that is it is most typical in this Assembly when we are contemplating changes of any substance and clearly, the changes contemplated are highly substantive and important with regard to this particular bill.

When this Body considers those changes, we make sure that no one or no entity is caught in the line of fire, so to speak, and we push our effectiveness dates forward, not backward in order to not inadvertently penalize or in some way impact entities already in a certain process, and I will cite my good colleague's example of home sales.

When buyers and sellers are coming together in commercial transactions or transactions such as those contemplated by this bill, we need some predictability, and to push this bill backward five months as opposed to pushing it forward as is our custom and more typically our process may have some inadvertent effects that we certainly don't intend.

I regard that as a significant reservation in contemplating this bill, Madam Speaker. I thank you

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for your time. I thank my colleague for her responses. I do feel most unsettled, though, by this departure from our normal precedent, particularly when we're looking to the very involved and lengthy process related to the sale of nonprofit hospitals. Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, madam. Will you care to remark further? Will you care to remark further on the bill before us? Representative Alberts, good afternoon. You have the floor, sir.

REP. ALBERTS (50th):

Thank you, Madam Speaker, for the second time on the bill if I may, some questions to the proponent.

DEPUTY SPEAKER ORANGE:

You may proceed.

REP. ALBERTS (50th):

Thank you, Madam Speaker. I believe in listening to the previous testimony that I understood that there are five contracts pending right now from January 1, of 2013 that might be subject to the retroactive nature of this, so I just wanted to confirm that number, if that number is correct? Through you, Madam Speaker.

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DEPUTY SPEAKER ORANGE:

Representative Johnson.

REP. JOHNSON (49th):

At this point it's only actually one, but there's an anticipation of up to five.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. And that one contract that is pending right now, has that contract been awarded?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Johnson.

REP. JOHNSON (49th):

No. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. So what is the timeline to the best of the proponent's understanding, what's the time line for that awarding to take place? Is it out to bid right now? Is it in the bid stage

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where it's been submitted out for folks? Through you,
Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Madam Speaker, it's out to bid at
this point in time.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. And does the proponent
know when those bids might be anticipated to come in?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Madam Speaker, no.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. And I think that goes
to one of my concerns and I think the concerns that
several of us have had on this side, is that right now
there is a bid out there.

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Do we know how many potential bidders are bidding on that one contract? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Madam Speaker, no, we don't.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. Is there a certain universe of contractors who traditionally bid on projects such as this so that typically there may be three bids, four bids, five bids, two bids. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Madam Speaker, I don't have that knowledge. Thank you for your question.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. So we have one bid that's out there right now and I guess it's

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anticipated that four additional contracts may be let soon. Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Madam Speaker, that's a possibility. I was just mentioning that because it is happening. I think it's pretty well known throughout the state that there's a movement afloat for hospital corporations to come in from other states, for profit corporations to come in from other states and try and make arrangements with our nonprofit hospitals to convert them to for profit.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. And is there a difference in the way we would look at out-of-state hospitals making proposals to acquire hospitals in Connecticut versus in-state hospitals? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

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Representative Johnson.

REP. JOHNSON (49th):

Through you, Madam Speaker, no.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. If we were to leave the existing statute language in its present state and not increase this as proposed to \$500,000, what would be the ramifications of that? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Madam Speaker, could you please have the proponent of the question rephrase?

DEPUTY SPEAKER ORANGE:

Representative Alberts, would you please pose the question again?

REP. ALBERTS (50th):

Absolutely. I saw that she was temporarily distracted.

DEPUTY SPEAKER ORANGE:

Thank you.

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REP. ALBERTS (50th):

Through you, Madam Speaker, if we were to keep existing language as is, not make the adjustment for an increase to \$500,000, what does the proponent believe would be the result of that action? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Johnson.

REP. JOHNSON (49th):

The result of the existing transaction? The one that's gone out to bid at this point in time?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. No. I'm thinking more broadly. If we don't adjust this \$300,000 cap up to \$500,000 and we leave it at \$300,000, will there be, you know detrimonious services, will there be something that happens that makes this egregious?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Johnson.

REP. JOHNSON (49th):

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Through you, Madam Speaker, what it will do is, it will make the process perhaps go much, much longer or there may be an inability to find the proper contractors to be able to make a determination as to whether or not all the legalities have been addressed or whether the finances of all the different aspects of these hospital transactions are analyzed to the extent that they should be to protect the taxpayers. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. So, I do thank the proponent for her answers. I guess one of the concerns that as we've talked and discussed the bill that is before us that many of us have come to the conclusion is disturbing is the retroactive nature of this, and I think on a go forward basis, it's one thing to have to deal with what the cost of doing business is.

But one of the consistent themes I heard, and I'm sure many of the Legislators in the Chamber may hear is that the cost of doing business in Connecticut is

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really prohibitive at times, but the worst factor is the unpredictability.

And what this bill does, and from my perspective right now in an unamended fashion is, it basically you know, is testimony to the fact that we're going to attempt to reach back and make changes.

So I understand the universe is very small but it's still that nature, and I think we have an obligation to protect it, so I'm hoping that as we proceed perhaps we will be in a position to amend that.

Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, sir. Will you care to remark further on the bill before us? Will you care to remark? Representative Noujaim, you have the floor, sir.

REP. NOUJAIM (74th):

Thank you, Madam Speaker, good afternoon to you.

DEPUTY SPEAKER ORANGE:

Good afternoon, sir.

REP. NOUJAIM (74th):

For the second time, Madam Speaker.

DEPUTY SPEAKER ORANGE:

For the second time, sir.

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REP. NOUJAIM (74th):

Madam Speaker, through you to Representative Johnson, we do have some questions just for clarification because since we've spoken last there were some issues that came about that needed to be clarified. So if I may, through you to Representative Johnson, I do have a few questions to ask. Is it okay, Madam Speaker?

DEPUTY SPEAKER ORANGE:

Please proceed.

REP. NOUJAIM (74th):

Thank you, Madam Speaker. To Representative Johnson, I would like to ask you, would this increase in the amount from \$300,000 to up to \$500,000, would the duration of the project be shortened, meaning the time frame for approval and feedback to the purchaser? Would that time frame be shortened knowing that the resources have been, more resources have been put in place and given to the Attorney General to speed up the process? Am I correct?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Madam Speaker, you are absolutely correct.

DEPUTY SPEAKER ORANGE:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Madam Speaker. And through you, Madam Speaker, it is my understanding that this, would this increase an amount from \$300,000 up to \$500,000 the Attorney General now will not put an extension insofar as the duration of the project, but it will be done within the time limitation that is set by the statute through this legislation? Am I correct? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Madam Speaker, I think that it will shorten the duration of the project if that was your question, sir.

DEPUTY SPEAKER ORANGE:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Madam Speaker. I know it will shorten the duration, but it will prevent the Office of the

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Attorney General to extend that process. To make sure I am correct, through you, Madam Speaker, because in the past there was practices where the process was extended. But now, with the amount, with the resources, the additional resources that are levied on the purchaser, that process will be done, set in one specific timeframe, and I understand that to be correct.

Am I correct to clarify, Madam Speaker?

DEPUTY SPEAKER ORANGE:

Representative Johnson.

REP. JOHNSON (49th):

Through you, Madam Speaker, with the increase from \$300,000 to \$500,000 it will expedite the process by allowing the AG's Office to contract with outside entities and experts. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Madam Speaker. And through you, Madam Speaker, I am understanding, I would like this to be clarified by Representative Johnson.

From what I understand the current statute said that the bills that are encountered, that are piled up

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by the consultants who are doing the projects will be submitted to the purchaser and current statute says that the purchaser will pay those invoices within 30 days of receipt.

So that money essentially does not go to the general fund of the State of Connecticut. To clarify, am I correct with that, Madam Speaker, through you?

DEPUTY SPEAKER ORANGE:

Representative Susan Johnson.

REP. JOHNSON (49th):

Through you, Madam Speaker, yes, it's 30 days.

DEPUTY SPEAKER ORANGE:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Madam Speaker. Madam Speaker, I would like to acknowledge the good work of Representative Johnson on this bill. I am very appreciative for the fact that we were able to go back, discuss some of those issues, put them to bed, fully understand them and know exactly the logic of this piece of legislation, what it does and what it does not.

After this explanation and after I fully understood the logic behind it, I do intend to support this bill and I would like to ask my colleagues on

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both sides of the aisle to support it as well, and I thank you, Madam Chairman. I thank Representative Johnson as well.

DEPUTY SPEAKER ORANGE:

Thank you, sir. Will you care to remark further on the bill before us? Will you care to remark further on the bill before us? Will you care to remark?

If not, staff and guests please come 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.

The House of Representatives is voting by Roll.

Will Members please return to the Chamber immediately.

DEPUTY SPEAKER ORANGE:

Have all Members voted? Have all Members voted? Please check the board to determine if your vote has been properly cast.

If so, the machine will be locked and the Clerk will take a tally, please. And will the Clerk please announce the tally.

THE CLERK:

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Bill Number 967.

Total Number Voting	143
Necessary for Passage	72
Those voting Yea	137
Those voting Nay	6
Those absent and not voting	7

DEPUTY SPEAKER ORANGE:

The bill passes.

Are there any announcements or introductions?

Any announcements or introductions? Representative John Piscopo of the 76th, you have the floor, sir.

REP. PISCOPO (76th):

Thank you, Madam Speaker. For an introduction.

DEPUTY SPEAKER ORANGE:

Please proceed.

REP. PISCOPO (76th):

Thank you, Madam Speaker. I see joining you up there on the dais is our former colleague and great friend, Len Greene. Would my colleagues please join me in welcoming former colleague and great friend, Len Greene.

(APPLAUSE.)

DEPUTY SPEAKER ORANGE:

**JOINT
STANDING
COMMITTEE
HEARINGS**

**PUBLIC
HEALTH
PART 8
2384-2726**

2013

COMMISSIONER JEWEL MULLEN: I appreciate the interest. I appreciate the advocacy. I appreciate it even if it's not exactly in line with what we might have as a position from DPH. I appreciate that there was this much interest in public health. So thank you.

SENATOR GERRATANA: You're right. The Legislature, and we all have our constituents to represent and we are their voice here, so thank you.

COMMISSIONER JEWEL MULLEN: Thank you.

SENATOR GERRATANA: Thank you, ma'am. We've passed the first hour of which we extend the courtesy to our elected officials, and so therefore we'll start alternating. We go next to the public, and the first person is Robert Clark.

Thank you for being here and welcome and please state your name for the record.

ROBERT CLARK: Thank you Representative Johnson, Senator Gerratana and Members of the Committee. My name is Robert Clark. I'm Special Counsel to the Attorney General. With me today is Henry Salton who is our department head for our Public Health Department and Perry Zinn-Rowthorn, who is our Associate Attorney General for litigation in our office.

The Attorney General asked us to come here today to testify in support of two separate bills. The first is HB 6521, which is AN ACT CONCERNING MEDICAL ORDERS FOR LIFE-SUSTAINING TREATMENT.

We've been part of a working group that put together this proposal and we've submitted written testimony on the bill and I'm going to, I think, focus my efforts on another bill that's before you which the Attorney General himself has proposed and that's Senate Bill 967 AN ACT

CONCERNING EXPENSES RELATING TO THE SALE OF
NONPROFIT HOSPITALS.

As many of you know, under current law, the Attorney General is required to review and approve or modify or deny, applications by nonprofit hospitals to transfer material assets to a for-profit entity.

And as many of you also know, there are many such proposals floating around right now with respect to some of our largest hospitals in the state.

And there's a provision under the current law that permits our office to bill purchasers of not-for-profit hospitals for expenses we incur for the use of experts and consultants during our review of an application to sell a nonprofit hospital. That provision was put into law in 2003 and it permits our office to bill up to \$300,000 for each application.

We are proposing to increase that to \$500,000 per application and there's a couple of reasons for that.

First of all, you know, the \$300,000 figure came as a result of something we proposed after our review of Sharon Hospital, which was back, I think approved in 2002. So the current cap was something that we thought was appropriate after reviewing really the only hospital sale that our office has ever reviewed and that hospital sale was relatively straightforward and not particularly large compared to some of the transactions we're looking at in the coming year, at least, from what we understand is coming our way.

We think we're going to have as many as four, possibly all at the same time, very, very large complicated transactions to review. So that and

the fact that ten years have passed and inflationary pressures alone, particularly in the context of professional services, have rendered that \$300,000 in our view, inadequate.

So I hope that we may not need to go up to the cap. This is the maximum not a floor. We've met with various hospitals who are considering sales and they expressed their support, or at least their lack of opposition to the bill, as well as we also met with one of the proposed purchasers of two of the four hospitals that we're aware of who also expressed no opposition to the proposal.

So we think this is really important. We think it's going to help us fulfill our job, which is to turn these applications around really quickly. We only have 120 days to do that absent consent of the parties to extend that deadline.

So we think this is really crucial to not just us and the strain on our resources, but also to the hospitals and the purchasers in the communities who obviously would like to see a streamlined and delay-free process.

So unless the Committee has any questions, which we'd be happy to take, you know. You have our written testimony.

REP. JOHNSON: Thank you so much and thank you for your testimony today and your work and foresight on this issue.

I do have some questions. I'm concerned a little bit about exactly might happen if we were not to be able to appropriate the amount of money that you need for the review, and also what kind of assets are you preserving when the transition occurs from a nonprofit to a for profit?

ROBERT CLARK: Well, actually with respect to what might happen if we couldn't do what we need to do, I think we'd be in a very difficult position if we couldn't hire the experts that we really need to get these transactions done.

We'd really, I think, have to ask the hospitals and the purchasers to consent to extensions, which would, I think, drag the process out, and absent the consent we'd be in a tough spot as to whether or not we can in fact approve it, as opposed to deny it, in which case they'd have to re-file all over again.

So it's really important not just for us, again, but for the hospitals and communities where these hospitals are that we get these resources so we can do our job.

As to the types of assets that will be transferred, is that your question?

REP. JOHNSON: Yeah, assets and also, because there are certain assets that they're able to not pay tax on, and then when they move to a for profit perhaps there might be something to pay back to the state because they haven't paid any tax on those assets in the first place because they're a nonprofit.

I mean, it's one example, but they're also services and if you could just kind of outline some of that information for the Committee, I'd appreciate it.

ROBERT CLARK: Do one of you want to chime in on this one because you're more the experts in terms of what the review's going to look like.

PERRY ZINN-ROWTHORN: Happy to offer some information on that.

REP. JOHNSON: Please state your name for the record.

PERRY ZINNO-ROWTHORN: Yes. I'm sorry. Perry Zinn-Rowthorn. I'm Associate Attorney General for litigation. This function springs from the Attorney General's jurisdiction to represent the public interest in charitable assets.

So the focus of the assets that are primarily at focus in our review are restricted gifts or charitable gifts that were given to the nonprofit hospital. We want to make sure that the transition to a for-profit status doesn't deprive those gifts of their protected charitable purpose.

We work in tandem with the Office of Health Care Access within the Department of Public Health. They have a slightly different focus maintaining health care access and adequacy.

Our processes are coordinated. They have a different focus with respect to primarily to healthcare issues and ours is really primarily focused on charitable assets.

REP. JOHNSON: Do you have some other information with respect to the certificate of need and how that process will be addressed as the transition moves forward in some of these areas, particularly since you have such large areas and the functions of the hospitals are going to be perhaps much more encompassing for the provision of healthcare than they were in the first situation you had involvement with in the Sharon Hospital situation.

ROBERT CLARK: Well, if I understand it, the certificate of need process is handled by the Office of Healthcare Access. Our lawyers are able to provide legal advice and assist them but it's really their function, and I'd hate to sort

of speak to how they're going to handle that, you know. It's for really their lawyers to the extent they need us, that's probably directly to ask either of OCHA or your prior witness at DPH.

Do you have something to add on that?

PERRY ZINN-ROWTHORN: The only thing to add on that with respect to the particular bill before you is the --

REP. JOHNSON: Please state your name again, I'm sorry.

PERRY ZINN-ROWTHORN: Perry Zinn-Rowthorn, Associate AG. The resources and the assistance that we're asking for and that we have had, and that we're able to contract for under our process are not healthcare expert resources. They're primarily financial or legal assistance resources, although OCHA does have the ability to hire experts to help with this process.

REP. JOHNSON: State your name, please.

ROBERT CLARK: Robert Clark. I don't have anything to add unless you had another question.

REP. JOHNSON: No, I don't. Does the Committee? Yes, Senator Welch.

SENATOR WELCH: Thank you, Madam Chair, through you. How much was spent on the Sharon acquisition?

ROBERT CLARK: My understanding is, based on the legislative history from the 03 Act, which increased the cap to \$300,000 post Sharon was that we pretty much ran right up against what at that time was \$150,000 cap.

SENATOR WELCH: And then I guess the follow up is, actually let me back up and make sure I understood.

So \$150,000 is what the Attorney General's Office spent on consultants reviewing the Sharon transaction?

ROBERT CLARK: I should say, that was the maximum amount that we were permitted to spend, and based on my, not all the same folks who handled that are in our office any more.

SENATOR WELCH: Sure.

ROBERT CLARK: But based on my review of the legislative history for the increase to \$300,000, it's my understanding that that was just barely enough for us to get that job done at that time, which was back in really 02, I think was when that review took place.

SENATOR WELCH: Okay. So what was left undone with respect, what was left uninvestigated with respect to what you spent, what you got for that \$150,000?

ROBERT CLARK: What was left? I don't think it was inadequate.

SENATOR WELCH: Okay. No. No. Let me back up and come of come at it a different way. So I guess I'm not, I guess I'm hearing that really an increase from \$150,000 to \$500,000 with respect then to the cost to incur to investigate these transactions, and then I'm looking at, I'm hearing the rate of inflation as probably one of the biggest proponents for making that increase, but at two percent per year on average, that doesn't get me anywhere near \$500,000.

So what pieces do I need, do you need to give me to help me make this decision?

ROBERT CLARK: Okay, so I don't think inflation is the primary reason, and I think inflation probably in the types of services we would contract for has gone up higher than two percent a year.

But putting that aside, what we're really talking about is an entirely different animal in terms of the types of transactions and the types of hospitals we're going to be reviewing.

Sharon was a relatively small institution and you know, a relatively less populated area of the state.

What we're looking at now are very, very large institutions, very, very complex transactions from Waterbury Hospital to St. Francis potentially to St. Mary's to Bristol, all very big institutions, and we're probably going to have to do them all at once.

And no one in our office, very few people who were involved in Sharon are still with us and so again, it's our hope that we won't run up to this cap but with Sharon, and frankly when we proposed the \$300,000 cap, I think what we were really thinking of was relying strictly on experts for financial assistance to make sure that the not-for-profits had done their due diligence and all the other things that are set out in the statute.

But on top of that, here, we're going to have a very complicated review of many more gifts, restricted gifts and we may need to even contract for some legal services as well, which we hadn't contemplated before.

REP. JOHNSON: Thank you. Representative Srinivasan.

some of the other statutory provisions that exist and would otherwise interfere with the ability to implement the program, the Commissioner will be able to do X, Y and Z.

So that's the approach we have in mind and I'm hoping that by early next week we'll be able to submit some substitute language that some of the other proponents of the bill would also accept.

REP. SRINIVASAN: So if I understand you clearly then, this substitute language, which you will be submitted in a relatively short period of time, would be able to resolve this concern that you've raised from a legal point of view in terms of transfers.

ROBERT CLARK: That would be our view, right. Yes.

REP. SRINIVASAN: Thank you. Thank you for the clarification. Thank you, Madam Chair.

REP. JOHNSON: Thank you. Any additional questions? Thank you so much for your testimony. Do you have additional comments?

ROBERT CLARK: Just one other thing. We also submitted some relatively minor technical substitute language on 967, which the Committee has and that really goes to the applicability of the change so that all the hospitals will be treated the same to the extent they file applications on or after the first of this year.

And also to be clear, this 967 would be not state appropriated money but money that we would bill purchasers.

REP. JOHNSON: Thank you for that clarification. We appreciate it. Thank you again for being here today.

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pat/cd/gbr PUBLIC HEALTH COMMITTEE

March 15, 2013
10:30 a.m.

You're up, Stacey.

STACEY ZIMMERMAN: Good evening members of the Public Health Committee, don't pay no attention to my testimony as where it says "good morning" because I think we're past that.

I'm going to be very brief. I'm here to testify. My name is Stacey Zimmerman. I'm with Connecticut State Council of the Service Employees International Union. I'm here in support of SB 967 and 6520, both bills relating to the conversion of hospitals from nonprofit to for-profit.

Very briefly, I won't read my testimony since I'm pretty sure everyone can read. We have to make sure that there's a transition set up, a practice to transition from nonprofit to for-profit. I know the Governor has language. I know you folks have language. We have some concerns that we want to address, and I hope we can come together and work on a bill that will satisfy everybody needs.

REP. JOHNSON: Thank you.

Were you here for Ms. Lumia's -- testimony from Sharon Hospital?

STACEY ZIMMERMAN: I was not.

REP. JOHNSON: She did indicate -- of course, she was a little concerned, you know, about the language in the House bill but she did say she would work with us as Sharon being the only for-profit hospital in the state.

STACEY ZIMMERMAN: That is good to hear.

REP. JOHNSON: Good, very good.

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SENATE

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May 1, 2013

THE CHAIR:

Senator, we have to vote on the amendment.

SENATOR CASSANO:

Oh, wait can't. We have to vote on amendment. Madam, I'm sorry.

THE CHAIR:

All those in favor of the amendment please say aye.

SENATORS:

Aye.

THE CHAIR:

Opposed. The amendment passes. Will you remark further on the bill as amended? Will you remark further on the bill as amended? Senator Cassano.

SENATOR CASSANO:

At this point I'd like to put it on Consent Calendar. Thank you.

THE CHAIR:

Seeing no objections, so ordered. Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. Madam President, if the Clerk would call as the -- the next item -- item on Calendar page 24, Calendar 395, Senate Bill 967.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On page 24, Calendar 395 substitute for Senate Bill 967, AN ACT CONCERNING EXPENSES RELATING THE SALE OF

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SENATE

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May 1, 2013

NONPROFIT HOSPITALS, favorable report of the Committee
on Public Health.

THE CHAIR:

Senator Gerratana. Good afternoon, Ma'am.

SENATOR GERRATANA:

Good afternoon, Madam President. Madam President, I
move acceptance of the joint committee's favorable
report and passage of the bill.

SENATOR GERRATANA:

Adoption -- the motion is on adoption -- passage of
the bill. Would you remark, please?

SENATOR GERRATANA:

Yes. Thank you, Madam President. The bill before us
came to us from the Attorney General. The Attorney
General is currently looking at the conversion of not
for profit, nonprofit hospitals to for profit
hospitals. The last time the AG worked on a
conversion of this kind was with Sharon Hospital in
the year 2003.

At that time Sharon was a very small hospital and law
was passed allowing the Attorney General to charge and
bill for certain services that he or she may contract
for. It's ten years later and many things have
changed including the fact that there are about four
hospitals not -- not for profit, nonprofit hospitals
in our State that are looking to convert for for
profit.

The bill before us simply raises the cap from 300,000
to \$500,000 that the Attorney General can charge for
the services that he will be engaging in as he reviews
the conversion. Thank you, Madam President.

THE CHAIR:

Thank you. Will you remark? Will you remark?
Senator Welch.

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SENATOR WELCH:

Thank you, Madam President. I too support this bill albeit somewhat reluctantly. I am cautious about raising the cap that the State could charge anybody but I understand that consultants today are expensive. The due diligence required in these transactions is somewhat -- is somewhat hefty. So I will be supporting this bill. Thank you, Madam President.

THE CHAIR:

Thank you. Will you remark further? Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President. If I could, a few questions through you please.

THE CHAIR:

Please -- please proceed, Sir.

SENATOR MCKINNEY:

Thank you, Madam President.

Senator Gerratana, as I understand the proposal before us by increasing the cap from 300 to \$500,000 that \$500,000 is the amount that the Attorney General's Office can charge the nonprofit -- the nonprofit hospitals that have an application before them to become private hospitals or to merge. Is that correct? Through you.,

THE CHAIR:

Senator Gerratana.

SENATOR GERRATANA:

Madam President, through you. I believe it's for the for profit conversion for for profit. It says here the sale of the nonprofit hospital to a for profit entity including the contracting with an outside entity. Again this amount also for those services are

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capped at that amount. It does not mean the Attorney General will charge that amount. Through you, Madam President.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you. And I thank the Chairlady for correcting me. I meant to say for profit. I said nonprofit. I apologize for that. And I believe the last hospital application I was familiar with was I think the Sharon Hospital. I'm not sure if that's the last one that happened. And would the Chairlady know how much the - the fees were for the Attorney General's Office in that application. Through you, Madam President.

THE CHAIR:

Senator Gerratana.

SENATOR GERRATANA:

Thank you, Madam President. No, I do not have that amount. Through you.

THE CHAIR:

Senator McKinney, Sir.

SENATOR MCKINNEY:

Thank you, Madam President. Okay. Is it -- is it safe to assume that the Attorney General's Office anticipates -- this is -- I'm sorry. Let me back up. We have -- we have four applications pending. Is that what I heard the Chairwoman say? Through you, Madam President.

THE CHAIR:

Senator Gerratana.

SENATOR GERRATANA:

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That is my understanding, Madam President. Through you.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

And through you, Madam President. This would be a fee paid for each of the four applications. So it's -- so it could be up to \$500,000 per application. Is that correct? Through you, Madam President.

THE CHAIR:

Senator Gerratana.

SENATOR GERRATANA:

Through you, Madam President. Yes. That's my understanding.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President. And through you, Madam President. Is it also -- it's also my understanding that the Sharon Hospital was a smaller hospital, smaller application. The applications pending are for larger deals, that it's quite possible that the \$300,000 current cap would be exceeded on one of the applications pending. And if that were the case would that result in a cost to the State and the Attorney General's Office? Through you, Madam President?

THE CHAIR:

Senator Gerratana.

SENATOR GERRATANA:

Through you, Madam President. I believe the 500,000 should be sufficient but you are right. Back in 2003

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Sharon Hospital which was a very small hospital, you know the cap was raised or put at 300,000 I should say. I believe the Attorney General in his testimony indicated that this would be appropriate, this raised to 500,000. Through you.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President. And through you, Madam President. Is it also my understanding that the -- the review by the Attorney General's Office which is obviously required by law necessary raising the cap provides a quicker review for the applicant as well is that I mean the -- this gives the Attorney General's Office the ability to do this as quickly as -- and judiciously as they can. Is that fair? Through you, Madam President.

THE CHAIR:

Senator Gerratana.

SENATOR GERRATANA:

Through you, Madam President. I have heard that.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you. Well having once worked in a law firm, and I'm glad those days are over, the more lawyers you throw at an issue the quicker you can get it done. And lastly through you, Madam President. Is it my understanding that the for profit hospitals who file these applications are -- are not opposed to this and understand that this is -- this is part of the business model in seeking these mergers? Through you, Madam President. Is that a fair statement?

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Senator Gerratana.

SENATOR GERRATANA:

Through you, Madam President. Yes.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank -- thank you, Madam President. I -- I just wanted to get that on the record and confirm my understanding and appreciate the conversations I've had with the Attorney General's Office. This is not the greatest of times for our State hospitals but this is not related to those issues and part of the business plan of the for profit hospitals and I appreciate the Chairwoman's patience and answering all of my questions. I stand in support of the bill. Thank you.

THE CHAIR:

Thank you very much. Will you remark further? Will you remark further? Senator Gerratana.

SENATOR GERRATANA:

Thank you, Madam President. If there's no objection I would like this item placed on our Consent Calendar.

THE CHAIR:

Seeing no objection, so ordered. It will be placed on the Consent Calendar. Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. Madam President, as the next three items would like to mark first on Calendar page 33, Calendar 102, Senate Bill 822 and then Calendar page 34, Calendar 104, Senate Bill 883 and also Calendar page 34, Calendar 105, Senate Bill 887.

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Seeing no objection, so ordered, Sir.

SENATOR LOONEY:

Thank you, Madam President. If we might now call for a vote on the Consent Calendar.

THE CHAIR:

Sounds like a great idea. Senator -- Mr. Clerk, will you please call for a vote and -- and first read the Consent Calendar before I open the machine.

THE CLERK:

On page one, Calendar 454, Senate -- Senate Joint Resolution number 55, Calendar 455, Senate Joint Resolution number 56, on page two, Calendar 456, Senate Joint Resolution number 57, Calendar 470, House Joint Resolution number 5. Also --

THE CHAIR:

Ninety five, Sir. I think the House Joint Resolution is number 95.

THE CLERK:

It is indeed 95. Also on page two, Calendar 471, House Joint Resolution number 96, Calendar 472, House Joint Resolution number 97, on page ten, Calendar 230, Senate Bill 235, page 14, Calendar 283, Senate Bill number 963, on page 16, Calendar 311, Senate Bill 1118, also Calendar 315, Senate Bill 1078, on page 21, Calendar 367, Senate Bill 804, page 24, Calendar 395, Senate Bill 967, on page 33 Calendar 102, Senate Bill 822, page 34, Calendar 104, Senate Bill 833, and on page 34, Calendar 105, Senate Bill 887.

THE CHAIR:

At this time Mr. -- Senator Looney.

SENATOR LOONEY:

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Thank you, Madam President. One item that needs to be removed from the Consent Calendar that is Calendar 104 -- page 34, Calendar 104. If that might be removed from the Consent Calendar and marked passed temporarily.

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THE CHAIR:

Seeing no -- seeing no objection, so ordered, Sir.

SENATOR LOONEY:

Thank you, Madam President. And if the -- if we would -- might call for a -- a vote now on the other items marked consent.

THE CHAIR:

Mr. Clerk, I will open the machine.

THE CLERK:

Immediate roll call has been ordered in the Senate in voting today's Consent Calendar. Immediate roll call has been ordered in the Senate.

THE CHAIR:

Senator Meyer. Senator Meyer, would you like to vote on the Consent Calendar, Sir. No problem.

Have all members vote, all members have voted. The machine will be closed. Mr. Clerk, will you call the --

THE CLERK:

On today's Consent Calendar.

Total Number Voting 35

Necessary for Adoption 18

Those voting Yea 35

Those voting Nay 0

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Those absent and not voting 1

THE CHAIR:

The Consent Calendar passes.

Senator Looney.

SENATOR LOONEY:

Thank you, Madam -- thank you, Madam President. Madam President, I believe the Clerk is in possession of Senate Agendas two and three for today's session.

THE CHAIR:

Senator -- Mr. Clerk.

THE CLERK:

The Clerk is in possession of Senate Agendas two and three both dated Wednesday, May 1, 2013. Copies have been distributed and are on Senators' desks.

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Yes, thank you, Madam President. Madam President, I move all items on Senate Agendas numbers two and three dated Wednesday, May 1, 2013 to be acted upon as indicated and that the Agendas be incorporated by reference in the Senate Journal and the Senate transcript.

THE CHAIR:

So ordered, Sir. Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. Madam President, that will conclude our business for today. Before yielding the floor to members for announcements or points of personal privilege it's our intention to be in session