On May 7, 2022, Connecticut Governor Ned Lamont signed into law the state’s fiscal year 2023 budget (HB5506) (Act) which implements the state budget and makes various changes to certain Connecticut statutes. Among the changes, the Act provides various new authorities to the Office of Health Strategy (OHS) and makes modifications to the certificate of need (CON) process in the state.

Notably, for purposes of the CON requirements, the Act defines the term “termination of services” to mean “the cessation of any services for a period greater than one hundred eighty days.” It appears this added definition was intended to add certainty to scenarios that require a CON. For example, under subsections (a)(5) and (a)(7) of the existing CON law, a CON is required for “termination of inpatient or outpatient services offered by a hospital” and “termination of surgical services by an outpatient surgical facility.” Similar language exists in subsection (a)(15). Current law provides that a CON is not required for “termination of services for which the Department of Public Health has requested the facility to relinquish its license.”
Given the differing terms used under current law (“termination of inpatient or outpatient services” versus “termination of services”), it is not clear how the newly defined term will be applied to the CON statutes.

The Act also establishes a 16-member task force to investigate enumerated CON related initiatives that include but are not limited to:

- instituting a price increase cap tied to the cost growth benchmark for consolidations;
- analyzing services and facilities and their impact on equity and underserved populations;
- authorizing OHS to require investments to address community needs;
- guaranteed local community representation on hospital boards;
- setting standards to measure quality due to a consolidation;
- the Connecticut Attorney General’s authority to stop activities as the result of a CON application or complaint;

The task force is to make recommendations on the initiatives by January 15, 2023.

Additionally, the Act implements a new scaled CON application fee that varies from $1,000 – $10,000 based upon the cost of the proposed project. Under prior law, all CONs required a $500 fee. Now, the fee will range from $1,000 for projects up to $50,000 to $10,000 for projects greater than $10 million.

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