

Aging Committee JOINT FAVORABLE REPORT

Bill No.: SB-1332

AN ACT CONCERNING NURSING HOME FINANCIAL ACCOUNTABILITY AND
NURSING HOME OWNERSHIP BY PRIVATE EQUITY COMPANIES AND REAL

Title: ESTATE INVESTMENT TRUSTS.

Vote Date: 3/4/2025

Vote Action: Joint Favorable

PH Date: 2/28/2025

File No.:

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SPONSORS OF BILL:

Aging Committee

REASONS FOR BILL:

This legislation would take effect October 1, 2025, and would prohibit private equity companies and real estate investment trusts from acquiring or increasing any direct or indirect ownership interest or any operational or financial control in a nursing home. Nursing homes provide a necessary and valuable service in Connecticut, and their continued operation is essential to keeping a significant portion of our aging population safe and housed. When private equity acquires a nursing home, there is a heightened risk that the quality of care will be reduced, there will be staff cuts, and potentially even closures of the facilities because profits are prioritized over resident well-being. This law is meant to protect nursing our nursing homes from the risks posed by ownership by private equity.

RESPONSE FROM ADMINISTRATION/AGENCY:

Dept. of Social Services, Ms. Andrea Barton Reeves, Commissioner: They are in **support** of better transparency into the ownership structure of nursing home as they have seen increased interest in private equity in Connecticut nursing homes. Nursing homes are asset-heavy organizations which means that their value is closely linked to real estate and facilities. When seeking investments or access to capital funding they are increasingly finding themselves turning to private equity rather than seeking more traditional lines of credit through financial institutions. The Dept. is interested with working with the legislature to identify different funding option for nursing homes, so they are not reliant of private equity for capital improvement projects or lines of credit.

Connecticut Aging and Disability Services, Ms. Mairead Painter, Long-Term Care

Ombudsman: She offers testimony in **support** of this proposal. This bill will help protect residents from the instability, financial restructuring and profit-driven decision making that often accompanies these ownership structures. It will also help ensure that owners remain accountable to the residents they serve rather than the external investors whose primary interest is one of financial gain.

NATURE AND SOURCES OF SUPPORT:

Connecticut Legal Services, Ms. Jean Mills Aranha, Elder Law Attorney: Her testimony is a **support** of this legislation which she believes has the potential to protect nursing homes from poor care and neglect. Private equity companies and real estate investment trusts exist to earn money for their investors. Her testimony cites studies and information concerning experiences with real estate investment trust and private investment companies. This bill would help to solve these problems by prohibiting any future acquisition of nursing homes by private equity firms and real estate investment trusts.

NATURE AND SOURCES OF OPPOSITION:

LeadingAge Connecticut, Ms. Mag Morelli, President: Their testimony was in **opposition** to this bill because of the unintended consequences that might occur. They point out that there is already a comprehensive and recently updated change of ownership statute in place for nursing homes.

Connecticut Association of Health Care Facilities, Mr. Matthew Barrett, President: Their testimony was in **opposition** to this bill, and they urged additional study of a policy that would outright and broadly prohibit private equity companies or real estate investment trust expansions in our state. Their comments point out that a number of states have acted on this issue and federal Medicare and Medicaid recently instituted reporting requirements in the area of ownership, management and related parties. They also want to challenge the notion that all private equity practices in health care are nefarious with harmful intentions and outcomes.

**Reported by: Richard Ferrari, Assistant Clerk
Alexander Mercier, Clerk**

Date: 3/18/2025