

Human Services Committee JOINT FAVORABLE REPORT

Bill No.: SB-1480

AN ACT CONCERNING PRIVATE EQUITY AND REAL ESTATE INVESTMENT

Title: TRUST OWNERSHIP OF HOSPITALS AND NURSING HOMES.

Vote Date: 3/14/2025

Vote Action: Joint Favorable

PH Date: 3/11/2025

File No.: 387

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SPONSORS OF BILL:

Human Services Committee

CO-SPONSORS OF BILL:

Sen. Martin M. Looney, 11th Dist.

Rep. Sarah Keitt, 134th Dist.

REASONS FOR BILL:

In Connecticut, there is a trend of private equity companies purchasing shares of ownership in hospitals and nursing homes as part of their real estate investment portfolio. However, practices by these private equity companies have led hospitals to file for bankruptcy, negatively impacting healthcare access and costs for Connecticut residents. This bill instructs the Commissioner of Department of Social Services to require no new ownership interests to be made between Connecticut hospitals and nursing homes and private equity companies or real estate investment trusts on and after October 1, 2025. This will be necessary for the hospital or nursing home to continue their Medicaid reimbursement eligibility in the state.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Department of Social Services \(DSS\), Commissioner Andrea Barton Reeves](#); proposes incorporating stronger language on identifying the financial oversight and transparency of the investing organizations to identify bad actors investing in nursing homes. To support this initiative, the Commissioner also supports incorporating stronger language in the statutes on Certificates of Need (CON) and licenses, which should be coordinated with the Department of

Public Health (DPH) and Office of Health Strategy (OHS) for nursing homes and hospitals. Therefore, the better location for these requirements may be in the CON and licensing processes and there are doubts if requirements can be included as a condition of Medicaid enrollment for nursing homes and hospitals.

[Office of Health Strategy \(OHS\), Commissioner Deidre Gifford](#); supports increasing the transparency of organizations investing in healthcare organizations. To aid in the increased transparency, Governor Ned Lamont proposed HB-6873, An Act Strengthening the Review of Health Care Entity Transactions, to allow the state to increase their powers of regulatory review over the sales of healthcare organizations without restricting it to only reviewing certain categories of organizations purchasing the healthcare facilities.

NATURE AND SOURCES OF SUPPORT:

[Connecticut General Assembly, State Senator, Martin Looney](#); supports this bill and is committed to working with the Human Services and Public Health committees to protect Connecticut residents from private equity funding in healthcare organizations due to the worry of the increase of private equity funding and real estate investment trust interests in healthcare.

[Connecticut Legal Services, Attorney, Jean Mills Aranha](#); supports this bill to protect nursing home residents from poor care because of private equity or real estate investment trust (REIT) ownership. Private investment organizations focus on the profit recovered from investments, therefore increasing costs for the nursing home organizations. Research has demonstrated that nursing homes owned by private equity organizations have low staffing numbers and deliver poor care, which is exacerbated when the organization sells the nursing home quickly and leaves the healthcare facility struggling to provide care for their residents.

[AFT Connecticut, Executive Vice President, John Brady](#); supports this bill after noticing the troubles of Prospect Hospitals in Rockville, Manchester, and Waterbury in Connecticut, as well as in Rhode Island, California, and Pennsylvania after being purchased by private equity organizations. Another example of a healthcare organization struggling after being purchased by private equity organizations is Steward Healthcare in Massachusetts. This is of great concern since the sales of these healthcare organizations are used to pay the executives and shareholders of these companies rather than providing healthcare for patients.

[Connecticut AFL-CIO, President, Ed Hawthorne](#); supports protecting hospitals, nursing homes, and their patients in Connecticut from corporate consolidation of healthcare, which increases costs and decreases quality of care for patients and facilities. Examples include Windham, Johnson Memorial, Rockville, and Sharon Hospitals eliminating Intensive Care Units and Labor & Delivery Departments, reducing accessible healthcare for Connecticut residents in their service areas due to the objective of investment groups being profit rather than healthcare.

[Department of Aging and Disability Services Long-Term Care Ombudsman Program, State Long Term Care Ombudsman, Mairead Painter](#); supports this bill to prevent negative health outcomes among nursing home and hospital residents. Research as shown that nursing homes owned by private equity organizations have seen a 10% increase in short-term

mortality rates among residents. Additionally, residents were 11% more likely to access the emergency department for medical care and 9% more likely to be hospitalized for preventable conditions, demonstrating the decline in quality of health care in these facilities. Additionally, the lack of transparency within the private equity organization's ownership structures renders it difficult to track the flow of finances.

[Connecticut Citizen Action Group, Executive Director, Tom Swan](#); supports this bill to prevent negative health outcomes among hospital residents. The cited research study demonstrates an increase in patients falling and infections among patients in private equity-owned hospitals, which raises concerns over the quality of healthcare in these facilities.

[Coastal Connecticut Counseling, Founder, Alyssa Kolesar](#); supports the bill and provides observations about the erosion of patient care when short term profits are the goal: 1) cost-cutting measures reduce quality of care by implementation of aggressive cost-cutting strategies, leading to understaffing, reduced access to essential care; 2) exploitation of Medicaid funding not as a lifeline for low-income patients but as a revenue stream to be manipulated, often through overbilling, inadequate service provision, or outright fraud; 3) high staff turnover and burnout leaving patients without the long-term support they need; 4) facility closures leave patients stranded after private equity firms extract profits, leaving entire communities without access to care.

NATURE AND SOURCES OF OPPOSITION:

[Connecticut Hospital Association, Anonymous](#); opposes the bill in fears that prohibiting private equity investment in healthcare facilities in Connecticut could lead to a decrease in financial investment in hospitals that need investments to operate and serve their patients.

[Connecticut Association of Health Care Facilities / Connecticut Center For Assisted Living \(CAHCF/CCAL\), President and CEO, Matthew Barrett](#); opposes this bill due to the negative attention towards private equity investments in nursing homes not being seen in Connecticut. Not all private equity investments are made by bad actors and can provide financial stability for nursing homes. The current definition of private equity aligns with the definition set by the Centers for Medicare & Medicaid Services, but should only be used for disclosure purposes and not to prohibit their investments.

NATURE AND SOURCES OF GENERAL COMMENTS:

[Leading Age Connecticut, President, Mag Morelli](#); recognizes the need for transparency from private equity organizations investing in healthcare facilities. However, there is concern about the unintended consequences from this bill.

Reported by: Nimisha Srikanth

Date: 4/3/2025