



**Substitute Senate Bill No. 125**

**Public Act No. 26-103**

**AN ACT REQUIRING NURSING HOMES TO ANNUALLY REPORT CERTAIN OWNERSHIP INFORMATION REGARDING INVESTMENT ENTITIES, ACQUIRE, IF FEASIBLE, A SURETY BOND OR A SIMILAR FORM OF SECURITY IN AN AMOUNT EQUAL TO NINETY DAYS OF OPERATING COSTS, MAINTAIN FULL GOVERNANCE CONTROL AND AUTHORITY OVER NURSING HOME ASSETS AND ACTIVITIES AND ANNUALLY ATTEST THAT NO INVESTMENT ENTITY HAS CONTROL OVER NURSING HOME RESIDENT HEALTH, SAFETY OR CARE.**

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

Section 1. (NEW) (*Effective October 1, 2026*) (a) As used in this section, (1) "nursing home" means a nursing home, as defined in section 19a-490 of the general statutes, that has a provider agreement with the state to provide services to recipients of benefits obtained through Title XIX of the Social Security Amendments of 1965; and (2) "investment entity" means (A) any entity that collects capital investments from individuals or entities and purchases, as a parent company or through another entity that the entity completely or partially owns or controls, a direct or indirect ownership share of a nursing home, or (B) a real estate investment trust, as defined in 26 USC 856, as amended from time to time.

(b) Not later than February 15, 2027, and annually thereafter, each nursing home shall provide the Commissioner of Social Services with

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the following information: (1) The name and business address of all investment entities with a beneficial ownership interest of five per cent or more in the nursing home and a statement of whether such investment entity is an individual, partnership, corporation or other legal entity; (2) the names of the officers, directors, trustees or managing and general partners of any such investment entity and the number of shares owned or ownership percentage of the investment entity held by each partner; (3) if such investment entity is a corporation that is incorporated in another state, a certificate of good standing from the Secretary of the State of the state of incorporation; (4) the audited and certified financial statements of the investment entity, if applicable, including, but not limited to, (A) a balance sheet as of the end of the most recent fiscal year, (B) income statements for the most recent fiscal year, (C) a cash flow statement from the most recent fiscal year, and (D) an estimate of financing expenses, legal expenses, land costs, marketing costs and other similar costs that the investment entity expects to incur or become obligated to pay within one year of acquisition of the nursing home; (5) a description of any mortgage loan or other financing used for the initial acquisition or construction of the nursing home, subsequent refinancing of any such debt, and any subsequent financing of additional debt incurred, including, but not limited to, the terms and costs of any such mortgage loan or other financing; (6) a copy of the purchase agreement for the nursing home and any agreement providing for the transfer of ownership interests in the nursing home, including, but not limited to, the real estate agreement, asset agreement, stock agreement or other similar agreement; and (7) any documentation regarding escrow or contingency accounts.

(c) The Commissioner of Social Services may impose a civil penalty of one thousand dollars per day on any nursing home that fails to provide any information required pursuant to subsection (b) of this section not later than thirty days after the date such information is due, provided the commissioner provides written notice to the nursing home

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of its failure to provide such information not later than fourteen days after the date such information is due. A nursing home may request a fair hearing on the assessment of any such civil penalty as an aggrieved person pursuant to section 17b-60 of the general statutes.

(d) (1) The Commissioner of Social Services shall identify any security instruments, including, but not limited to, surety bonds, escrow accounts or insurance-related products, that may be available to a nursing home to guarantee ninety days of such nursing home's operating costs payable to the state in the event that such nursing home enters a receivership, initiates an emergency closure or experiences imminent financial distress. Not later than January 1, 2028, the commissioner shall communicate to nursing homes any security instruments identified pursuant to the provisions of this subdivision in a form and manner prescribed by the commissioner. The provisions of this subsection shall not apply if the commissioner fails to identify any such security instruments, or determines that such security instruments are not financially feasible.

(2) On and after July 1, 2028, each nursing home subject to a beneficial ownership interest of an investment entity of five per cent or more shall, at the time of application for or renewal of a nursing home license, demonstrate to the satisfaction of the Commissioner of Social Services that the nursing home has secured a surety bond or similar form of security in favor of the state in an amount equal to ninety days of operating costs for the nursing home and that such bond or similar form of security shall remain in effect for the duration of the initial license term and any renewal term.

(3) On and after July 1, 2028, each nursing home subject to a beneficial ownership interest of an investment entity of five per cent or more shall, at the time of application for or renewal of a nursing home license, submit to the Department of Public Health a copy of the surety bond or similar form of security required under subdivision (2) of this

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subsection.

(e) On and after February 1, 2028, each entity holding a nursing home's license shall maintain full governance control and authority over such nursing home's assets and activities, including, but not limited to, all clinical, operational, managerial, financial and human resources matters.

(f) Not later than February 1, 2028, and annually thereafter, each nursing home shall submit to the Commissioner of Public Health, in a form and manner prescribed by the commissioner, an attestation that no investment entity has control over nursing home resident health, safety or care.

(g) Notwithstanding the provisions of subsection (e) of this section, if a nursing home anticipates that it will not be able to comply with the provisions of said subsection, the nursing home may, not later than six months before becoming subject to the provisions of said subsection, apply to the Commissioner of Social Services, in a form and manner prescribed by the commissioner, for a one-year waiver from the provisions of said subsection. The commissioner may request any information or documentation deemed necessary to assess any such application and place any terms or conditions deemed necessary by the commissioner in granting any such waiver. The commissioner shall not grant a waiver pursuant to the provisions of this subsection unless the commissioner determines that the granting of such waiver will benefit resident care, maintain access to resident care or improve operational stability.

(h) The Commissioner of Public Health may impose a civil penalty of up to two thousand dollars per violation on any nursing home that fails to provide an attestation required under subsection (f) of this section.

(i) A nursing home shall, not later than ten business days after receipt

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of an order from the commissioner imposing a civil penalty under subsection (h) of this section, submit a request in writing to the Department of Public Health for a hearing to contest the order. If the nursing home fails to submit such a request not later than ten business days after such receipt, the order shall be deemed a final order of the department, effective upon the expiration of such ten business days. After receipt of a timely request for a hearing, the department shall set the matter down for a hearing as a contested case in accordance with the provisions of chapter 54 of the general statutes.

Sec. 2. (*Effective from passage*) The Commissioner of Social Services, in consultation with the Commissioner of Public Health, shall review and evaluate the (1) nursing home disclosures provided in accordance with the provisions of section 1 of this act, (2) quality of care at nursing homes that are subject to a beneficial ownership interest of an investment entity compared to the quality of care at nursing homes under other ownership structures, and (3) implications of prohibiting a person or entity who acquires ownership of real property on which a licensed nursing home operates from selling, transferring or otherwise conveying such property within five years of such acquisition without written approval from the Commissioner of Public Health. Not later than February 15, 2028, the Commissioner of Social Services shall report the results of such review, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committees of the General Assembly having cognizance of matters relating to human services, public health, appropriations and the budgets of state agencies, and aging.