
OLR Bill Analysis

sSB 125 (as amended by Senate "A" and "B")

AN ACT RESTRICTING PRIVATE EQUITY OWNERSHIP OF NURSING HOMES.

SUMMARY

Beginning February 1, 2028, this bill requires each nursing home licensee to have full control over the home's governance, assets, and activities, including clinical, operational, managerial, financial, and human resource matters. If a home will be unable to comply, it may seek a one-year waiver using a process the bill establishes.

The bill also establishes new requirements for nursing homes that are Medicaid providers and owned, as described below, by "investment entities." It generally requires each to:

1. have a surety bond in favor of the state equal to 90-days of its operating costs, if the company has a beneficial interest in the home (owners of a beneficial interest, generally, may receive financial benefits from an asset even if not recorded as a legal owner);
2. annually report, beginning by February 15, 2027, to the Department of Social Services (DSS) on any investment entity that has a beneficial ownership interest in it; and
3. beginning by February 1, 2028, annually attest to the Department of Public Health (DPH) that no investment entity has a controlling interest in it.

Under the bill, an "investment entity" collects capital investments from individuals or other entities and purchases a direct or indirect ownership share of a nursing home, either directly as a parent company or through another entity it at least partially owns or controls. This term includes real estate investment trusts, which are, generally, companies

that own or finance income-producing commercial real estate.

Lastly, the bill requires DSS to study and report on certain topics related to investment entity ownership of nursing homes and establishing limitations on the sale of property on which a nursing home is located.

*Senate Amendment "A" replaced the underlying bill (File 69) with similar provisions and added ones on (1) assisted living service agency fee increases, (2) municipal agents for older adults, (3) emergency power generators in privately owned multifamily housing projects, (4) home health aide personal protective equipment, (5) the nursing home bed moratorium and related certificate of need criteria, and (6) audits of certain Medicaid minimum data sets.

*Senate Amendment "B" replaces Senate Amendment "A," eliminates that amendment's added provisions, and modifies the underlying bill's requirements on nursing homes fully or partially owned by an investment entity, including (1) making the underlying bill's prohibition on selling real property on a which a nursing home is located into a study, (2) adding the requirement that licensees have full control over the home's governance and assets, and (3) adding the reporting requirement.

EFFECTIVE DATE: October 1, 2026, except the reporting requirement is effective upon passage.

LICENSEE MUST HAVE FULL GOVERNANCE CONTROL AND AUTHORITY OR A WAIVER

Beginning February 1, 2028, the bill requires each (1) nursing home licensee to have full control over the home's governance, assets, and activities, including clinical, operational, managerial, financial, and human resource matters, and (2) nursing home to annually attest to DPH that no investment entity has control over resident health, safety, or care.

Waiver Application

If a nursing home thinks it will not be able to comply with the bill's

governance requirements, it may apply for a one-year waiver with the DSS commissioner through a process the bill establishes. A home needing a waiver must apply for one at least six months before the deadline for it to comply. The commissioner may only grant a waiver if she thinks it will benefit or maintain access to resident care or make the home's operations more stable. She may request any information or documentation she needs to assess the application and may place terms or conditions in granting a waiver.

Attestation Penalty

Under the bill, DPH may impose a civil penalty of up to \$2,000 per violation on nursing homes that do not provide the required attestation. A nursing home may file a written request for a hearing to contest the fine within 10 business days after receiving DPH's order imposing the penalty. If it does, DPH must schedule the hearing as a contested case held as the Uniform Administrative Procedures Act requires.

SURETY BOND

Beginning July 1, 2028, if an investment entity has a beneficial ownership interest in a nursing home of at least 5%, the bill requires the home to have a surety bond, or similar security, in favor of the state (unless DSS is unable to identify any acceptable security instruments, as described below). The bond or security must equal 90 days of the nursing home's operating costs and stay in effect for the duration of the home's initial license term or renewal term.

When applying for an initial license or to renew its license with DSS or DPH, the nursing home must submit proof (for DPH, a copy of the bond or security) that it has this bond or security.

The bill requires DSS to identify security instruments (like surety bonds, escrow accounts, and insurance products) that nursing homes may use to meet the above 90-day security requirements. If DSS identifies any, it must communicate them to the nursing homes by January 1, 2028. If DSS does not identify any, or determines any it identifies are not financially feasible, the bill specifies the 90-day security requirement will not apply to these nursing homes.

REPORTING REQUIREMENT AND PENALTY

Beginning by February 15, 2027, the bill requires each nursing home to annually give DSS certain information about each investment entity that has a beneficial ownership interest of at least 5% in the nursing home, including:

1. its name and business address and whether it is an individual, partnership, corporation, or other type of legal entity;
2. the names of individuals holding certain leadership positions (directors, officers, trustees, managing partners, and general partners);
3. each partner's ownership share;
4. a certificate of good standing from a Secretary of State, if it is incorporated in another state;
5. audited and certified financial statements, if applicable, that must at least include certain information (for example, income statements and a cash flow statement from the most recent fiscal year);
6. a description of financing (for example, mortgage loans) used to acquire or construct the home and any subsequent debt refinancing;
7. a copy of the purchase agreement for the nursing home and any agreement to transfer ownership interests in it (for example, real estate, asset, or stock agreements); and
8. documentation on any escrow or contingency accounts.

If a nursing home does not submit this information within 30 days after it is due and DSS notifies the home within 14 days of the missed deadline, the DSS commissioner may impose a \$1,000 per day fine on the home, which may contest the fine in an administrative hearing through a process established in existing law for DSS decisions.

DSS REPORTING REQUIREMENT

The bill requires DSS, consulting with DPH, to review and evaluate the (1) disclosures nursing homes provided, as required under the bill; (2) quality of care at nursing homes where an investment entity has a beneficial interest compared to the care provided at homes without this ownership interest; and (3) potential implications of requiring the owners of land or buildings where nursing homes are operating to get DPH’s approval if the owner wants to sell or convey the property within five years of getting it.

DSS must report its findings to the Aging, Appropriations, Human Services, and Public Health committees by February 15, 2028.

COMMITTEE ACTION

Aging Committee

Joint Favorable

Yea 13 Nay 1 (03/05/2026)

Judiciary Committee

Joint Favorable

Yea 27 Nay 12 (04/17/2026)

Appropriations Committee

Joint Favorable

Yea 46 Nay 2 (04/30/2026)