OLR Bill Analysis

sSB 481

AN ACT REQUIRING NURSING HOME OWNERSHIP TRANSPARENCY, FINANCIAL SAFEGUARDS PROTECTING NURSING HOME OPERATIONS AND PROPERTY AND PROHIBITING REQUIRED ARBITRATION AGREEMENTS.

SUMMARY

This bill limits when the owner of real property (for example, land or buildings) where a nursing home is located may sell or transfer it. It prohibits anyone who acquires such a property after October 1, 2026, from selling or transferring it within five years from the date they acquired it, unless the Department of Public Health (DPH) commissioner approves it in writing. Under the bill, the commissioner may only approve if she finds that doing so will improve operational stability or benefit resident care.

The bill also establishes new requirements related to certain types of "ownership entities." Specifically, it requires nursing homes to (1) secure a performance bond, or similar security, if an ownership entity has a beneficial ownership interest in them and (2) report to the Department of Social Services (DSS) certain information about these entities. (Owners of a beneficial interest, generally, may receive financial benefits from an asset even if not recorded as a legal owner.)

Under the bill, an "ownership entity" is an individual or company, either privately owned or publicly traded, that collects capital investments from individuals or other entities and purchases a direct or indirect ownership share of a nursing home. This term includes real estate investment trusts, which are, generally, companies that own or finance income-producing commercial real estate.

Lastly, the bill prohibits nursing homes from requiring a current or prospective resident to sign an arbitration agreement, or a contract containing one, as a condition of admission or continued care. It voids

such arbitration agreements and contracts entered into, renewed, or amended after the bill's passage.

EFFECTIVE DATE: October 1, 2026, except the provision on arbitration agreements takes effect upon passage.

PERFORMANCE BOND

If an ownership entity has a beneficial ownership interest in a nursing home, the home must secure a performance bond, or similar security, in favor of the state. 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 provide proof (for DPH, a copy of the bond or security) it has this bond or security.

REPORTING REQUIREMENT AND PENALTY

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

1. its business address and whether it is a person, partnership, corporation, or other type of legal entity;

2. a certificate of good standing from a secretary of state, if it is incorporated in another state;

3. the names of individuals holding certain leadership positions (for example, directors, officers, trustees, managing partners, and general partners);

4. each partner's ownership share;

5. audited and certified financial statements, if applicable;

6. a description of financing (for example, mortgage loans) used to acquire or construct the home and any subsequent debt refinancing;

7. documentation on any escrow or contingency accounts; and

8. 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).

BACKGROUND

Legislative History

The Senate referred the bill (File 481) to the Judiciary Committee, which favorably reported a substitute that removed provisions allowing DSS to impose a daily $1,000 fine on nursing homes that fail to meet the bill's reporting requirement.

Related Bill

SB 125 (File 69), favorably reported by the Aging Committee, generally contains the same provisions as the bill except for those on arbitration agreements.

COMMITTEE ACTION

Human Services Committee

Joint Favorable Substitute
Yea 16 Nay 7 (03/19/2026)

Judiciary Committee

Joint Favorable Substitute
Yea 30 Nay 11 (04/24/2026)