
OLR Bill Analysis

sSB 125

AN ACT RESTRICTING PRIVATE EQUITY OWNERSHIP OF NURSING HOMES.

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 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 a 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.

EFFECTIVE DATE: October 1, 2026

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).

If a nursing home does not provide this information within 30 days after it is due, 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.

COMMITTEE ACTION

Aging Committee

Joint Favorable

Yea 13 Nay 1 (03/05/2026)