
OLR Bill Analysis

sSB 196

AN ACT CONCERNING HOSPITAL SALE-LEASEBACK AGREEMENTS AND ATTESTATIONS CONCERNING LACK OF PRIVATE EQUITY CONTROL OF THE HOSPITAL AND CONTROL OF OR INTERFERENCE WITH THE PROFESSIONAL JUDGMENT AND CLINICAL DECISIONS OF CERTAIN HEALTH CARE PROVIDERS.

SUMMARY

This bill prohibits hospitals from entering into sale-leaseback transactions on or after October 1, 2026. These are agreements with a real estate investment trust (REIT) for the hospital to sell and lease back the real property comprising its main campus.

The bill also requires hospitals, starting by February 1, 2027, to annually submit to the Department of Public Health (DPH) an attestation that no private equity entity:

1. has a controlling interest in the hospital and that the hospital license holder has full governance control over the hospital's assets and activities, including (among other things) all clinical matters, and
2. is allowed to influence the hospital's adoption of any policy or procedure that would interfere with clinicians' professional judgment or clinical decisions.

The bill applies to DPH-licensed short-term acute care general or children's hospitals, including UConn's John Dempsey Hospital.

The bill incorporates the REIT definition from the federal Internal Revenue Code (26 U.S.C. § 856). Subject to various conditions, a REIT is generally a corporation, trust, or association (other than a financial institution or insurance company) that owns or finances income-producing real estate.

Under the bill, a “private equity entity” is any entity that collects and pools capital investments from people or entities and purchases an ownership share of one or more companies. It may buy this share as a parent company or through another entity it owns or controls.

EFFECTIVE DATE: Upon passage

HOSPITAL ATTESTATIONS

Under the bill, hospitals must annually attest that no private equity entity has a controlling interest in the hospital and that the entity holding the hospital’s license has full governance control over the hospital’s assets and activities. This includes all clinical, operational, managerial, financial, and human resources matters.

The bill also requires hospitals to annually attest that no private equity entity may influence the hospital’s adoption of any policy or procedure that would interfere with clinicians’ professional judgment or clinical decisions. This includes:

1. how much time to spend with patients or the number of patients seen in a given period;
2. the time allowed to triage emergency department patients or evaluate admitted patients;
3. the time within which a patient must be discharged;
4. decisions on a patient’s clinical status, including whether the patient should be kept in observation status or receive palliative care and where the patient should be placed when discharged;
5. the final diagnosis, diagnostic terminology, or codes entered into medical records; or
6. appropriate diagnostic tests.

The bill requires the DPH commissioner to develop a uniform template for hospitals to use when submitting these attestations.

It also specifies that these provisions do not prohibit hospitals, or their affiliates, from investing (directly or indirectly) in a joint venture.

BACKGROUND

Related Bills

HB 5045, favorably reported by the Public Health Committee, replaces the current health care facility certificate of need (CON) program with a new one and, among various other changes, generally requires CON approval for a private equity group's or REIT's acquisition (in any manner) of at least 20% of the assets or operations of a health care entity.

HB 5316, favorably reported by the Banking Committee, prohibits (1) REITs from acquiring operational control over a hospital or health system or increasing any such control that they already have and (2) hospitals or health systems from entering into sale-leaseback transactions.

COMMITTEE ACTION

Public Health Committee

Joint Favorable Substitute

Yea 29 Nay 2 (03/02/2026)