



General Assembly

**Amendment**

February Session, 2026

LCO No. 5781



Offered by:

SEN. HOCHADEL, 13<sup>th</sup> Dist.

REP. GARIBAY, 60<sup>th</sup> Dist.

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To: Subst. Senate Bill No. 125

File No. 69

Cal. No. 69

**"AN ACT RESTRICTING PRIVATE EQUITY OWNERSHIP OF NURSING HOMES."**

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective October 1, 2026*) (a) As used in this section,  
4 (1) "controlling interest" means the direct or indirect power to direct the  
5 management and policies of a nursing home, whether through  
6 ownership of voting securities, contract or other means; (2) "nursing  
7 home" means a nursing home, as defined in section 19a-490 of the  
8 general statutes, that has a provider agreement with the state to provide  
9 services to recipients of benefits obtained through Title XIX of the Social  
10 Security Amendments of 1965; and (3) "investment entity" means (A)  
11 any entity that collects capital investments from individuals or entities  
12 and purchases, as a parent company or through another entity that the  
13 entity completely or partially owns or controls, a direct or indirect

14 ownership share of a nursing home, or (B) a real estate investment trust,  
15 as defined in 26 USC 856, as amended from time to time.

16 (b) Not later than February 15, 2027, and annually thereafter, each  
17 nursing home shall provide the Commissioner of Social Services with  
18 the following information: (1) The name and business address of all  
19 investment entities with a beneficial ownership interest of five per cent  
20 or more in the nursing home and a statement of whether such  
21 investment entity is an individual, partnership, corporation or other  
22 legal entity; (2) the names of the officers, directors, trustees or managing  
23 and general partners of any such investment entity and the number of  
24 shares owned or ownership percentage of the investment entity held by  
25 each partner; (3) if such investment entity is a corporation that is  
26 incorporated in another state, a certificate of good standing from the  
27 Secretary of the State of the state of incorporation; (4) the audited and  
28 certified financial statements of the investment entity, if applicable,  
29 including, but not limited to, (A) a balance sheet as of the end of the  
30 most recent fiscal year, (B) income statements for the most recent fiscal  
31 year, (C) a cash flow statement from the most recent fiscal year, and (D)  
32 an estimate of financing expenses, legal expenses, land costs, marketing  
33 costs and other similar costs that the investment entity expects to incur  
34 or become obligated to pay within one year of acquisition of the nursing  
35 home; (5) a description of any mortgage loan or other financing used for  
36 the initial acquisition or construction of the nursing home, subsequent  
37 refinancing of any such debt, and any subsequent financing of  
38 additional debt incurred, including, but not limited to, the terms and  
39 costs of any such mortgage loan or other financing; (6) a copy of the  
40 purchase agreement for the nursing home and any agreement providing  
41 for the transfer of ownership interests in the nursing home, including,  
42 but not limited to, the real estate agreement, asset agreement, stock  
43 agreement or other similar agreement; and (7) any documentation  
44 regarding escrow or contingency accounts.

45 (c) The Commissioner of Social Services may impose a civil penalty  
46 of one thousand dollars per day on any nursing home that fails to

47 provide any information required pursuant to subsection (b) of this  
48 section not later than thirty days after the date such information is due,  
49 provided the commissioner provides written notice to the nursing home  
50 of its failure to provide such information not later than fourteen days  
51 after the date such information is due. A nursing home may request a  
52 fair hearing on the assessment of any such civil penalty as an aggrieved  
53 person pursuant to section 17b-60 of the general statutes.

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

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

76 (3) On and after July 1, 2028, each nursing home subject to a beneficial  
77 ownership interest of an investment entity of five per cent or more shall,  
78 at the time of application for or renewal of a nursing home license,  
79 submit to the Department of Public Health a copy of the surety bond or

80 similar form of security required under subdivision (2) of this  
81 subsection.

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

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

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

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

109 (i) A nursing home shall, not later than ten business days after receipt  
110 of an order from the commissioner imposing a civil penalty under

111 subsection (h) of this section, submit a request in writing to the  
 112 Department of Public Health for a hearing to contest the order. If the  
 113 nursing home fails to submit such a request not later than ten business  
 114 days after such receipt, the order shall be deemed a final order of the  
 115 department, effective upon the expiration of such ten business days.  
 116 After receipt of a timely request for a hearing, the department shall set  
 117 the matter down for a hearing as a contested case in accordance with the  
 118 provisions of chapter 54 of the general statutes.

119       Sec. 4. (*Effective from passage*) The Commissioner of Social Services, in  
 120 consultation with the Commissioner of Public Health, shall review and  
 121 evaluate the (1) nursing home disclosures provided in accordance with  
 122 the provisions of section 1 of this act, (2) quality of care at nursing homes  
 123 that are subject to a beneficial ownership interest of an investment entity  
 124 compared to the quality of care at nursing homes under other  
 125 ownership structures, and (3) implications of prohibiting a person or  
 126 entity who acquires ownership of real property on which a licensed  
 127 nursing home operates from selling, transferring or otherwise  
 128 conveying such property within five years of such acquisition without  
 129 written approval from the Commissioner of Public Health. Not later  
 130 than February 15, 2028, the Commissioner of Social Services shall report  
 131 the results of such review, in accordance with the provisions of section  
 132 11-4a of the general statutes, to the joint standing committees of the  
 133 General Assembly having cognizance of matters relating to human  
 134 services, public health, appropriations and the budgets of state agencies,  
 135 and aging."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2026</i>	New section
Sec. 4	<i>from passage</i>	New section