



General Assembly

February Session, 2026

Raised Bill No. 196

LCO No. 603



Referred to Committee on PUBLIC HEALTH

Introduced by:
(PH)

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.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective from passage*) (a) As used in this section:
- 2 (1) "Commissioner" means the Commissioner of Public Health;
- 3 (2) "Financial distress" means a situation in which (A) a hospital has
- 4 filed for bankruptcy protection in any court of competent jurisdiction
- 5 and has applied for, or received approval from, the bankruptcy court for
- 6 a sale-leaseback transaction, or (B) a hospital (i) has failed to meet debt
- 7 service payments for two consecutive payment periods, or (ii) has been
- 8 issued a negative going concern opinion by an auditor;
- 9 (3) "Hospital" has the same meaning as provided in section 19a-646
- 10 of the general statutes;
- 11 (4) "Main campus of a hospital" means the licensed premises within

12 which the majority of inpatient beds are located;

13 (5) "Real estate investment trust" has the same meaning as provided
14 in 26 USC 856, as amended from time to time; and

15 (6) "Sale-leaseback transaction" means a transaction in which a
16 hospital enters into an agreement with a real estate investment trust to
17 sell and lease back hospital-owned real property that constitutes the
18 main campus of a hospital.

19 (b) On and after October 1, 2026, except as provided in subsection (c)
20 of this section, no hospital shall enter into a sale-leaseback transaction.

21 (c) A hospital experiencing financial distress may enter into a sale-
22 leaseback transaction, provided (1) the hospital's governing body has
23 authorized the hospital to enter into a sale-leaseback transaction on an
24 expedited basis to generate revenue to remove the financial distress, and
25 (2) the hospital has notified the commissioner and the Attorney General
26 not later than ten days prior to finalizing such sale-leaseback
27 transaction. Such sale-leaseback transaction shall be exempt from any
28 approval required under sections 19a-486a to 19a-486h, inclusive, of the
29 general statutes, regardless of whether the hospital property subject to
30 the sale-leaseback transaction constitutes a material amount of the
31 hospital's assets pursuant to section 19a-486a of the general statutes.

32 Sec. 2. (NEW) (*Effective from passage*) (a) As used in this section:

33 (1) "Commissioner" means the Commissioner of Public Health;

34 (2) "Hospital" has the same meaning as provided in section 19a-646
35 of the general statutes; and

36 (3) "Private equity entity" means any entity that collects and pools
37 capital investments from individuals or entities and purchases, as a
38 parent company or through an entity that the private equity entity owns
39 or controls, an ownership share of one or more companies.

40 (b) Not later than October 1, 2026, and annually thereafter, each
 41 hospital shall submit to the commissioner an attestation that (1) no
 42 private equity entity has a controlling interest in the hospital and that
 43 the entity holding the hospital's license maintains full governance
 44 control and authority over the hospital's assets and activities, including,
 45 but not limited to, all clinical, operational, managerial, financial and
 46 human resources matters, and (2) no private equity entity is permitted
 47 to influence a hospital's adoption of any policy or procedure that would
 48 interfere with the professional judgment or clinical decisions of duly
 49 authorized clinicians, including (A) the amount of time spent with
 50 patients or the number of patients seen in a given time period, (B) the
 51 time permitted to triage patients in the emergency department or
 52 evaluate admitted patients, (C) the time period within which a patient
 53 must be discharged, (D) decisions involving a patient's clinical status,
 54 including, but not limited to, whether the patient should be kept in
 55 observation status, whether the patient should receive palliative care
 56 and where the patient should be placed upon discharge, (E) the final
 57 diagnosis, diagnostic terminology or codes that are entered into the
 58 medical record, or (F) the appropriate diagnostic test for medical
 59 conditions.

60 (c) The commissioner shall develop a uniform template to be used by
 61 hospitals for purposes of complying with the provisions of subsection
 62 (b) of this section.

63 (d) Nothing in this section shall be construed to prohibit a hospital or
 64 any affiliate of a hospital from investing, either directly or indirectly, in
 65 a joint venture.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section

Statement of Purpose:

To (1) permit hospitals experiencing financial distress to enter into sale-leaseback agreements under certain circumstances, and (2) require hospitals to submit attestations that no private equity entity has a controlling interest in the hospital or interferes with the professional judgment or clinical decision-making of certain health care providers.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]