
OLR Bill Analysis

HB 5512

AN ACT CONCERNING THE DEPARTMENT OF PUBLIC HEALTH'S RECOMMENDATIONS REGARDING REAL PROPERTY CHANGE OF OWNERSHIP.

SUMMARY

This bill requires applicants for the Department of Public Health's (DPH) approval to change a licensed institution's ownership to give DPH the name of the real property's owner, proposed owner, or beneficial owner and certain information about that owner's regulatory compliance history and related matters, for DPH to consider in its review.

The bill allows DPH to waive these requirements for nursing homes if the property owner will not be involved in the home's management or operation. It also extends to these requirements DPH's existing authority, under narrow conditions, to waive required disclosures or related determinations for any type of health care institution.

EFFECTIVE DATE: October 1, 2026

REAL PROPERTY OWNERS IN HEALTH CARE OWNERSHIP CHANGES

Required Disclosures

Existing law generally subjects transfers of ownership or beneficial ownership of DPH-licensed health care institutions (such as hospitals, nursing homes, and behavioral health facilities) to prior approval by the department. Certain types of transactions are exempt, such as a change in a licensee's legal form of ownership that does not change the beneficial ownership.

Under the bill, in its application, the facility's proposed new owner (or current owner, for changes in beneficial ownership) must identify the owner, proposed owner, or beneficial owner of the real property

where the institution is located.

Existing law requires the application to also include (1) the name and address of any U.S.-based (including territories) licensed health care facility that each of the proposed new owners or beneficial owners owned, operated, or managed during the prior five years and (2) several related disclosures. The bill extends these requirements to include facilities owned, operated, or managed by the real property's proposed new owner or beneficial owner.

The required disclosures include (1) any interest arising from the person's ownership, operation, or management of these facilities and (2) whether each facility is currently subject to a government complaint, investigation, or licensure action. The disclosures also must include whether each facility has been subject to various disciplinary sanctions, such as:

1. three or more civil penalties imposed through DPH final orders or civil penalties in other states during the prior two years;
2. termination or nonrenewal of a Medicare or Medicaid provider agreement; and
3. any state licensure or federal certification deficiency, during the prior five years, that presented a serious risk to the life, safety, or quality of care of the facility's patients or residents (the law sets out several examples of these serious risks, such as deficiencies that led to a state or federal agency suspending or revoking the facility's license).

Grounds to Deny an Application

Existing law requires the DPH commissioner, when evaluating an ownership change application, to consider whether each of the facility's proposed new owners and beneficial owners demonstrates character and competence and quality of care. She must also consider whether the U.S.-based licensed facilities they owned, operated, or managed have an acceptable history of compliance in the past five years with (1) state licensure and regulatory requirements and (2) federal requirements.

The bill extends these requirements to the real property owner and the facilities they owned, operated, or managed. In doing so, it allows the commissioner to deny an application if the real property owner owned, operated, or managed a facility that (1) was subject to any adverse action required to be listed in the application or (2) had continuing violations of state licensure or federal certification standards or a pattern of these violations.

Permissible Waivers

Nursing Homes. The bill allows DPH to waive these requirements for nursing homes if the property owner will not be involved in the home’s management or operation. In deciding whether to grant the waiver, DPH may consider the terms of the lease between the parties, the property owner’s lack of history in owning or managing nursing homes, and anything else the commissioner deems relevant.

All Institution Types. The bill extends to its requirements the existing authority for DPH to waive the submission of information or the department’s required determinations.

Under these provisions, for certain transfers involving relatives, the commissioner may waive the requirement to submit information on other health care facilities they owned or operated during the past five years. For changes of 5% or less of a licensed institution’s ownership or beneficial ownership, she may waive the (1) submission of some or all of the information required or (2) determination as to the owner’s character, competence, and history of regulatory compliance.

COMMITTEE ACTION

Public Health Committee

Joint Favorable

Yea 31 Nay 1 (03/23/2026)