
OLR Bill Analysis

sSB 196 (File 48, as amended by Senate "A")*

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 July 1, 2027. These are agreements a hospital enters into with another person or entity for the hospital to sell and lease back the real property comprising its main campus.

The bill also requires hospitals, starting by February 15, 2027, to annually submit to the Department of Public Health (DPH) a document with an attestation that no private equity entity:

1. has a controlling interest in the hospital (in relation to its main campus) or ultimate governance control over any asset or activity of the hospital's main campus, including (among other things) any clinical matters, and
2. is allowed to direct the hospital's adoption of any policy or procedure that would interfere with clinicians' professional judgment or clinical decisions.

Subject to certain procedures, the bill allows the DPH commissioner to impose a civil penalty of up to \$2,000 on a hospital that fails to submit the required attestation.

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

Under the bill, a "private equity entity" is any entity that collects

capital investments from people or entities and purchases a direct or indirect ownership share of a hospital. It may buy this share as a parent company or through another entity it owns or controls (in whole or part).

*Senate Amendment "A" replaces the underlying bill. It expands the bill's prohibition on hospital sale-leaseback transactions to include transactions with any entity, not just a real estate investment trust, and pushes back the start date of the prohibition from October 1, 2026, to July 1, 2027. For the attestation provisions, the amendment (1) adds a civil penalty process, (2) adds a definition for "controlling interest," (3) narrows certain provisions to only apply to a hospital's main campus, and (4) specifies that the provisions do not (a) prevent a hospital from having a services agreement with physicians or physician groups or (b) interfere with a hospital's coordination with its parent system. It also makes several minor changes.

EFFECTIVE DATE: Upon passage

HOSPITAL ATTESTATIONS

Under the bill, hospitals must annually submit a document, in a manner DPH sets, attesting that no private equity entity has (1) a controlling interest in the hospital or (2) ultimate governance control over any asset or activity of the hospital's main campus. This includes any clinical, operational, managerial, financial, or human resources matters. Under the bill, "controlling interest" is the direct or indirect power to direct the management and policies of a hospital's main campus through ownership of voting securities, contract, or other means.

The bill also requires hospitals, in this annual document, to attest that no private equity entity may direct 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.

Under the bill, if a hospital fails to submit the required attestation, DPH may impose a civil penalty of up to \$2,000. After a hospital receives an order imposing this penalty, it has 10 business days to submit to DPH a written request for a hearing. If the hospital fails to do so, the order is deemed final. If a hospital requests a hearing within that period, DPH must schedule the matter for a contested case hearing under the Uniform Administrative Procedure Act.

The bill specifies that these provisions do not prohibit hospitals, or their affiliates, from (1) investing (directly or indirectly) in a joint venture or (2) having an agreement with physicians or physician groups to provide services at the hospital. Additionally, the bill specifies that these provisions do not interfere with a hospital coordinating with its parent health care system.

BACKGROUND

Related Bill

sHB 5045 (File 83), favorably reported by the Public Health and Finance, Revenue and Bonding committees, 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 acquisition (in any manner) of at least 20% of the assets or operations of a health care entity.

COMMITTEE ACTION

Public Health Committee

Joint Favorable Substitute

Yea 29 Nay 2 (03/02/2026)