

CONNECTICUT LONG-TERM CARE LAW UPDATE: CHANGES TO NURSING HOME CHANGE OF OWNERSHIP PROCESS

Effective October 1, 2023, Connecticut enacted a law that contains several updates to Connecticut's change of ownership laws for nursing homes and other health care providers.

CHANGES TO CONNECTICUT'S CHANGE OF OWNERSHIP ("CHOW") LAWS - ALL PROVIDERS

Connecticut [Public Act 23-122](#) ("CHOW Law") replaces Section [19a-493](#) of the Connecticut General Statutes. The CHOW Law creates new change of ownership requirements for health care providers. Under the CHOW Law, before a Connecticut license is issued, not later than 120 days before the proposed date of a change in ownership or beneficial ownership of a health care facility, the proposed new owner, or in the case of a change in beneficial ownership, the current owner, of such facility or institution must apply for approval to the Connecticut Department of Public Health.

The application must include the following:

- A cover letter identifying the facility or institution, address, county and number and type of beds licensed by the Connecticut Department of Public Health.
- A description of the proposed transaction resulting in such change, including the name of each current owner of the facility or institution.
- The name of each proposed new owner or beneficial owner.
- The name of each owner of any non-publicly traded parent corporation of each proposed new owner and beneficial owner.
- The proposed new owner's organizational chart (including the proposed new owner's parent business entity's organizational chart); the organizational chart of each wholly-owned subsidiary of such proposed new owner; and the current owner's organizational chart showing the changes in beneficial ownership.
- A copy of the agreement of sale or other transfer of ownership interests and a copy of any applicable lease or management agreements that will be in effect after the transaction.
- The name and address of any licensed health care facility owned, operated or managed by each proposed new owner and beneficial owner in the United States during the five years preceding the date on which such application is submitted.
- Disclosure of whether each proposed new owner has ever been convicted or pleaded guilty to a charge of fraud, patient or resident abuse or neglect, or a crime of violence or moral turpitude.

CHANGES TO CONNECTICUT'S CHANGE OF OWNERSHIP LAWS - NURSING HOMES

Under the CHOW Law, an operator seeking a license to establish, conduct, operate or maintain a nursing home must provide the Connecticut Department of Public Health with the following information:

- The name and business address of the owner and a statement of whether the owner is an individual, partnership, corporation or other legal entity.
- The names of the officers, directors, trustees or managing and general partners of the owner; the names of persons having a five percent or greater ownership interest in the owner; and a description of each such person's occupation with the owner.
- If the owner is a corporation that is incorporated in another state, a certificate of good standing from the state of incorporation.
- A description of the relevant business experience of the owner and of the administrator of the nursing home and evidence that the administrator has a license issued pursuant to Connecticut law.

- Affidavits signed by the owner, any of the officers, the administrator, assistant administrator, the medical director, the director of nursing and the assistant director of nursing disclosing any matter in which such person has been convicted of a felony, or has been held liable in a civil action by final judgment if the felony or civil action involved fraud, embezzlement, fraudulent conversion or misappropriation of property; or has had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to health care business activity.
- A statement as to whether or not the owner is (or is affiliated with) a religious, charitable or other nonprofit organization.
- The location and a description of other health care facilities of the owner, existing or proposed, and, if proposed, the estimated completion date(s) and whether or not construction has begun.
- If the operation of the nursing home has yet to commence, a statement of the anticipated source and application of the funds used or to be used in the purchase or construction of the nursing home.

The CHOW Law also mandates that to apply for licensure to acquire a nursing home, a potential nursing home licensee or owner must submit a change in ownership application in writing to the Connecticut Department of Public Health.

PRACTICAL TAKEAWAYS

New Connecticut nursing facility operators and Connecticut nursing facility operators transferring ownership of nursing facilities need to keep in mind the requirements needed for the new owner to obtain a Connecticut license since Connecticut has added additional requirements for new Connecticut operators.

If you have questions or would like additional information about this topic, please contact:

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