

Subject Private equity company acquisitions of nursing homes and assisted living facilities

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Overview

This bill establishes requirements for the provision of notice, information, and affidavits and evidence when a private equity company is seeking to acquire a nursing home or assisted living facility, and requires the attorney general to approve the acquisition before it may take place. This bill also prohibits certain practices by, and establishes requirements for, a private equity company that acquires a nursing home or assisted living facility, and requires the attorney general to investigate and report on private equity company acquisitions of nursing homes and assisted living facilities.

Summary

Section	Description
1	Application. Amends § 145D.40, subd. 1. Provides the definitions in this section apply to sections 145D.42 to 145D.44, sections being added in this bill.
2	Health care professional. Adds subd. 2a to § 145D.40. Defines health care professional for sections regulating transfers of ownership or control of nursing homes and assisted living facilities to private equity companies.
3	Private equity company. Adds subd. 5 to § 145D.40. Defines private equity company for sections regulating transfers of ownership or control of nursing homes and assisted living facilities to private equity companies.

Section	Description
4	<p>Real estate investment trust.</p> <p>Adds subd. 6 to § 145D.40. Defines real estate investment trust for sections regulating transfers of ownership or control of nursing homes and assisted living facilities to private equity companies.</p>
5	<p>Notice of certain acquisitions of nursing homes and assisted living facilities; information and affidavit.</p> <p>Amends § 145D.41. Requires certain notice, information, and an affidavit and evidence to be provided before the transfer of ownership or control of a nursing home or assisted living facility to a private equity company.</p> <p>Subd. 1. Notice. Current law requires provision of notice at least 120 days before the transfer of ownership or control of a nonprofit nursing home or nonprofit assisted living facility to a for-profit entity. A new para. (b) requires a nursing home or assisted living facility to provide at least 120 days' notice to the attorney general, commissioner of health, and commissioner of human services of an intent to transfer ownership or control to a private equity company.</p> <p>Subd. 2. Information that must be provided by for-profit entity. Technical change to headnote.</p> <p>Subd. 3. Information that must be provided by private equity company. Para. (a) specifies that if a transfer of ownership or control is both a transfer of a nonprofit facility to a for-profit entity and a transfer of a facility to a private equity company, the entity to which ownership or control is transferred must comply with this subdivision.</p> <p>Para. (b) lists information the private equity company seeking ownership or control of a nursing home or assisted living facility must provide to the attorney general: the names of individuals with an interest in the private equity company and the percentage of interest held by each; the private equity company's corporate structure; the names and percentages of interest held in related entities that have contracts to provide goods or services to the facility or residents; required federal or state filings; a current balance sheet; information required to apply for a nursing home or assisted living facility license; a description of the building conditions; the affidavit required under subdivision 4; and other information required by the attorney general.</p> <p>Subd. 4. Affidavit and evidence. Requires a private equity company seeking ownership or control of a nursing home or assisted living facility to submit to the attorney general, an affidavit and evidence that the private equity company has the ability to operate or manage the facility; the private equity company and its owners, managerial officials, and managers haven't committed certain crimes or</p>

Section	Description
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been found civilly liable for certain offenses; in the past ten years, there have been no judgments, litigations, tax liens, written complaints, or administrative actions against the private equity company; in the past ten years, the company has not defaulted in the payment of money or discharged debt through bankruptcy; the private equity company will invest sufficient money in the facility to maintain or improve infrastructure and staffing; housing costs of other facilities owned by the private equity company meet certain requirements; the private equity company did not, within five years after acquiring a facility, transfer ownership or control of the facility; and nursing homes under the private equity company's ownership or control hold certain ratings under the Centers for Medicare and Medicaid Services' rating system.

6 Attorney general approval.

Adds § 145D.42. Requires approval by the attorney general for a private equity company to acquire ownership or control of a nursing home or assisted living facility. Lists findings the attorney general must make to approve an acquisition. Provides if the attorney general does not act on the acquisition within 120 days after receiving the notice, information, affidavit, and evidence, the acquisition is deemed to be approved, and allows the attorney general to extend the consideration period for an additional 60 days in certain circumstances. Allows the attorney general to impose other requirements needed to protect facility residents or the public interest. Allows the attorney general to waive the notice period and issue an immediate, conditional approval if the health and safety of facility residents are in immediate jeopardy, or if the facility may file for bankruptcy if the notice period is not waived. Allows a private equity company to appeal to the Office of Administrative Hearings, a denial of permission to acquire a nursing home or assisted living facility.

7 Prohibited practices.

Adds § 145D.43. Prohibits a private equity company that acquires a nursing home or assisted living facility from:

- interfering with the professional judgment of health care professionals providing care in the nursing home or assisted living facility;
- providing unequal treatment on charges for housing or services based on whether the housing or services are paid for with private funds or through a public program; or
- acting to strip an asset from an acquired nursing home or assisted living facility or otherwise acting to undermine quality of, safety of, or access to care and services.

Section	Description
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8	Requirements following acquisition of ownership or control.
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Adds § 145D.44. Requires attorney general approval of the use of a real estate investment trust by a private equity company with ownership or control of a nursing home or assisted living facility; establishes requirements for spending on direct care for facility residents and for severance pay if facility employees are laid off; and requires a private equity company to annually report certain information on the private equity company and the facilities it owns or controls.

Subd. 1. Limitation on the use of real estate investment trust. Requires approval by the attorney general before a private equity company with ownership or control of a nursing home or assisted living facility may enter into an arrangement with a real estate investment trust, if the arrangement is related to the acquired nursing home or assisted living facility. Specifies what the private equity company must demonstrate for the attorney general to approve the arrangement.

Subd. 2. Spending on direct care. Requires a private equity company with ownership or control of a nursing home or assisted living facility to spend at least 75 percent of the public program funds and state appropriations it receives on direct care of residents.

Subd. 3. Severance pay; employee layoffs. Requires a private equity company with ownership or control of a nursing home or assisted living facility to offer severance of at least four weeks' salary for each year of employment at the facility for all facility employees who are laid off, unless a layoff is related to a reduction in resident numbers.

Subd. 4. Reports required. Requires private equity companies with ownership or control of a nursing home or assisted living facility to provide annual reports to the attorney general, commissioner of health, and commissioner of human services, and lists information that must be included in the reports.

9	Attorney general investigation.
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Requires the attorney general to investigate impacts on the state, nursing home residents, and assisted living facility residents of private equity company acquisitions of nursing homes and assisted living facilities. Lists required elements of the investigation, and requires the attorney general to report findings of the investigation to the chairs and ranking minority members of the legislative committees with jurisdiction over health care by February 15, 2027.

Effective date: day following final enactment.

Section	Description
10	<p data-bbox="316 262 1435 336">Appropriation; investigation of impacts of private equity firm acquisitions of nursing homes and assisted living facilities.</p> <p data-bbox="316 346 1435 459">Makes a blank appropriation in fiscal year 2027 from the general fund to the attorney general to investigate the impacts of private equity firm acquisitions of nursing homes and assisted living facilities.</p>



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