

SENATE

STATE OF MINNESOTA

NINETY-FOURTH SESSION

S.F. No. 2972

(SENATE AUTHORS: DIBBLE and Abeler)		
DATE	D-PG	OFFICIAL STATUS
03/24/2025	1020	Introduction and first reading Referred to Human Services
04/01/2025	1144a	Comm report: To pass as amended and re-refer to Commerce and Consumer Protection
	1263	Author added Abeler
04/03/2025	1356	Withdrawn and re-referred to Human Services See First Special Session, HF3

1.1

A bill for an act

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relating to health care facilities; regulating for-profit entity acquisitions of nursing

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homes and assisted living facilities; amending Minnesota Statutes 2024, sections

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144A.01, subdivision 4; 144G.08, subdivision 15; proposing coding for new law

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in Minnesota Statutes, chapter 145D.

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

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Section 1. Minnesota Statutes 2024, section 144A.01, subdivision 4, is amended to read:

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Subd. 4. **Controlling person.** (a) "Controlling person" means an owner and the following

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individuals and entities, if applicable:

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(1) each officer of the organization, including the chief executive officer and the chief

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financial officer;

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(2) the nursing home administrator; ~~and~~

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(3) any managerial official; and

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(4) if no individual has at least a five percent ownership interest, every individual with

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an ownership interest in a privately held corporation, limited liability company, or other

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business entity, including a business entity that is publicly traded or nonpublicly traded,

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that collects capital investments from individuals or entities.

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(b) "Controlling person" also means any entity or natural person who has any direct or

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indirect ownership interest in:

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(1) any corporation, partnership or other business association which is a controlling

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person;

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(2) the land on which a nursing home is located;

- 2.1 (3) the structure in which a nursing home is located;
- 2.2 (4) any entity with at least a five percent mortgage, contract for deed, deed of trust, or
- 2.3 other security interest in the land or structure comprising a nursing home; or
- 2.4 (5) any lease or sublease of the land, structure, or facilities comprising a nursing home.
- 2.5 (c) "Controlling person" does not include:
- 2.6 (1) a bank, savings bank, trust company, savings association, credit union, industrial
- 2.7 loan and thrift company, investment banking firm, or insurance company unless the entity
- 2.8 directly or through a subsidiary operates a nursing home;
- 2.9 (2) government and government-sponsored entities such as the United States Department
- 2.10 of Housing and Urban Development, Ginnie Mae, Fannie Mae, Freddie Mac, and the
- 2.11 Minnesota Housing Finance Agency which provide loans, financing, and insurance products
- 2.12 for housing sites;
- 2.13 (3) an individual who is a state or federal official, a state or federal employee, or a
- 2.14 member or employee of the governing body of a political subdivision of the state or federal
- 2.15 government that operates one or more nursing homes, unless the individual is also an officer,
- 2.16 owner, or managerial official of the nursing home, receives any remuneration from a nursing
- 2.17 home, or who is a controlling person not otherwise excluded in this subdivision;
- 2.18 (4) a natural person who is a member of a tax-exempt organization under section 290.05,
- 2.19 subdivision 2, unless the individual is also a controlling person not otherwise excluded in
- 2.20 this subdivision; and
- 2.21 (5) a natural person who owns less than five percent of the outstanding common shares
- 2.22 of a corporation:
- 2.23 (i) whose securities are exempt by virtue of section 80A.45, clause (6); or
- 2.24 (ii) whose transactions are exempt by virtue of section 80A.46, clause (7).

2.25 Sec. 2. Minnesota Statutes 2024, section 144G.08, subdivision 15, is amended to read:

2.26 Subd. 15. **Controlling individual.** (a) "Controlling individual" means an owner and the

2.27 following individuals and entities, if applicable:

2.28 (1) each officer of the organization, including the chief executive officer and chief

2.29 financial officer;

2.30 (2) each managerial official; ~~and~~

(3) any entity with at least a five percent mortgage, deed of trust, or other security interest in the facility; and

(4) if no individual has at least a five percent ownership interest, every individual with an ownership interest in a privately held corporation, limited liability company, or other business entity, including a business entity that is publicly traded or nonpublicly traded, that collects capital investments from individuals or entities.

(b) "Controlling individual" also means any entity or natural person who has any direct or indirect ownership interest in:

(1) any corporation, partnership, or other business association such as a limited liability company that is a controlling individual;

(2) the land on which an assisted living facility is located; or

(3) the structure in which an assisted living facility is located.

~~(b)~~ (c) Controlling individual does not include:

(1) a bank, savings bank, trust company, savings association, credit union, industrial loan and thrift company, investment banking firm, or insurance company unless the entity operates a program directly or through a subsidiary;

(2) government and government-sponsored entities such as the U.S. Department of Housing and Urban Development, Ginnie Mae, Fannie Mae, Freddie Mac, and the Minnesota Housing Finance Agency which provide loans, financing, and insurance products for housing sites;

(3) an individual who is a state or federal official, a state or federal employee, or a member or employee of the governing body of a political subdivision of the state or federal government that operates one or more facilities, unless the individual is also an officer, owner, or managerial official of the facility, receives remuneration from the facility, or owns any of the beneficial interests not excluded in this subdivision;

(4) an individual who owns less than five percent of the outstanding common shares of a corporation:

(i) whose securities are exempt under section 80A.45, clause (6); or

(ii) whose transactions are exempt under section 80A.46, clause (2);

(5) an individual who is a member of an organization exempt from taxation under section 290.05, unless the individual is also an officer, owner, or managerial official of the license or owns any of the beneficial interests not excluded in this subdivision. This clause does

not exclude from the definition of controlling individual an organization that is exempt from taxation; or

(6) an employee stock ownership plan trust, or a participant or board member of an employee stock ownership plan, unless the participant or board member is a controlling individual.

Sec. 3. **[145D.40] DEFINITIONS.**

Subdivision 1. **Application.** For purposes of sections 145D.40 to 145D.44, the following terms have the meanings given.

Subd. 2. **Assisted living facility.** "Assisted living facility" has the meaning given in section 144G.08, subdivision 7. Assisted living facility includes an assisted living facility with dementia care as defined in section 144G.08, subdivision 8.

Subd. 3. **Health care professional.** "Health care professional" means an individual who is licensed or registered by the state to provide health care services within the professional's scope of practice and in accordance with state law.

Subd. 4. **Nursing home.** "Nursing home" means a facility licensed as a nursing home under chapter 144A.

Subd. 5. **Ownership or control.** "Ownership or control" means the assumption of governance or the acquisition of an ownership interest or direct or indirect control by a for-profit entity over the operations of a nonprofit nursing home or a nonprofit assisted living facility through any means, including but not limited to a purchase, lease, transfer, exchange, option, conveyance, creation of a joint venture, or other manner of acquisition of assets, governance, an ownership interest, or direct or indirect control of a nonprofit nursing home or a nonprofit assisted living facility.

Sec. 4. **[145D.41] NOTICE, INFORMATION, AND AFFIDAVIT REQUIRED.**

Subdivision 1. **Notice and information.** (a) At least 120 days prior to the transfer of ownership or control of a nonprofit nursing home or nonprofit assisted living facility to a for-profit entity, the nursing home or assisted living facility must provide written notice to the attorney general, the commissioner of health, and the commissioner of human services of its intent to transfer ownership or control to a for-profit entity.

(b) Together with the notice, the for-profit entity seeking to acquire ownership or control of the nonprofit nursing home or nonprofit assisted living facility must provide the following

information to the attorney general, commissioner of health, and commissioner of human services:

(1) the names of each individual with an interest in the for-profit entity and the percentage of interest each individual holds in the for-profit entity;

(2) a complete and detailed description of the for-profit entity's corporate structure;

(3) the names of each individual holding an interest in, and the percentage of interest held in, any affiliate, subsidiary, or otherwise related entity that the for-profit entity has a contract to provide goods or services for the operation or maintenance of the nursing home or assisted living facility or has a contract for goods and services to be provided to residents, including any real estate investment trusts if permitted under section 145D.44, subdivision 1;

(4) for the previous five years, any filings required to be made to any federal or state agency;

(5) the for-profit entity's current balance sheet;

(6) all application materials required under section 144A.03 or 144G.12, as applicable;

(7) a description of the condition of the buildings the for-profit entity seeks to acquire or manage, identifying any cooling problems, electric medical devices present, recent exterior additions and replacements, external building conditions, recent flush toilet breakdowns, foreclosure status in the last 12 months, heat risk, heating problems, indoor air quality, recent interior additions and replacements, and mold, as those terms are defined and described in Appendix A of the American Housing Survey for the United States: 2023;

(8) an affidavit and evidence as required under subdivision 2; and

(9) other information required by the attorney general, commissioner of health, and commissioner of human services.

Subd. 2. **Affidavit and evidence.** In addition to the notice required under subdivision 1, a for-profit entity seeking to acquire ownership or control of a nonprofit nursing home or nonprofit assisted living facility must submit to the attorney general an affidavit and evidence sufficient to demonstrate that:

(1) the for-profit entity has the financial, managerial, and operational ability to operate or manage the nursing home or assisted living facility consistent with the requirements of (i) for a nursing home, sections 144A.01 to 144A.1888, chapter 256R, and Minnesota Rules,

chapter 4658; or (ii) for an assisted living facility, chapter 144G and Minnesota Rules, chapter 4659;

(2) neither the for-profit entity nor any of its owners, managerial officials, or managers have committed a crime listed in, or been found civilly liable for an offense listed in section 144A.03, subdivision 1, clause (13), or 144G.12, subdivision 1, clause (13), as applicable;

(3) in the preceding ten years, there have been no judgments and no filed, pending, or completed public or private litigations, tax liens, written complaints, administrative actions, or investigations by a government agency against the for-profit entity or any of its owners, managerial officials, or managers;

(4) in the preceding ten years, the for-profit entity has not defaulted in the payment of money collected for others and has not discharged debts through bankruptcy proceedings;

(5) the for-profit entity will invest sufficient capital in the nursing home or assisted living facility to maintain or improve the facility's infrastructure and staffing;

(6)(i) housing costs or costs for services in a nursing home or assisted living facility in the United States over which the for-profit entity acquired ownership or control have not increased by more than the increase in the Consumer Price Index for all urban consumers published by the federal Bureau of Labor Statistics for the 12 months preceding the month in which the increase became effective; or (ii) if housing costs or costs for services in the nursing home or assisted living facility increased by more than the increase in the Consumer Price Index as described in item (i), the increase was justified;

(7) within five years after acquiring ownership or control of any other nursing home or assisted living facility in the United States, the for-profit entity did not sell or otherwise transfer ownership or control of the nursing home or assisted living facility to another person; and

(8) after acquiring ownership or control of another nursing home in the United States, that nursing home, with respect to the Centers for Medicare and Medicaid Services rating system:

(i) maintained or improved the nursing home's rating if upon acquisition of ownership or control the rating was three or more stars; or

(ii) improved the nursing home's rating to at least three stars if upon acquisition of ownership or control the rating was one or two stars.

7.1 Sec. 5. [145D.43] PROHIBITED PRACTICES.

7.2 A for-profit entity that acquires ownership or control of a nonprofit nursing home or
7.3 nonprofit assisted living facility is prohibited from:

7.4 (1) interfering with the professional judgment of a health care professional providing
7.5 care in the nursing home or assisted living facility or with a health care professional's
7.6 diagnosis or treatment of residents in the nursing home or assisted living facility;

7.7 (2) providing unequal treatment with regard to charges for housing or services based on
7.8 whether the resident pays for housing or services with private funds or through a public
7.9 program;

7.10 (3) engaging in any act, practice, or course of business that would strip an asset from an
7.11 acquired nursing home or assisted living facility or that would otherwise undermine the
7.12 quality of, safety of, or access to care and services provided by the nursing home or assisted
7.13 living facility;

7.14 (4) engaging in self-dealing;

7.15 (5) engaging in any acts, practices, or courses of business that result in an adverse impact
7.16 on the health, safety, and well-being and quality of care of the residents of the nursing home
7.17 or assisted living facility;

7.18 (6) spending less than 75 percent of the funds received by the nursing home or assisted
7.19 living facility from public programs and state appropriations on the direct care of residents;

7.20 (7) raising resident housing costs beyond the Consumer Price Index for all urban
7.21 consumers published by the federal Bureau of Labor Statistics for the 12 months preceding
7.22 the month in which the increase became effective unless the for-profit entity can demonstrate
7.23 that the increase was justified by legitimate business expenses;

7.24 (8) allowing a diminution of maintenance or a deterioration in the operations and
7.25 infrastructure of the nursing home or assisted living facility that results in unsafe conditions
7.26 or violations of building and other relevant codes, diminishes the property value of the
7.27 facility, or jeopardizes the health and well-being of the residents; or

7.28 (9) for a nursing home:

7.29 (i) failing to improve in the Centers for Medicare and Medicaid Services rating if the
7.30 nursing home's current rating is one or two stars; or

7.31 (ii) allowing a decline in the Centers for Medicare and Medicaid Services rating if the
7.32 nursing home's current rating is at least three stars.

8.1 Sec. 6. **ATTORNEY GENERAL ENFORCEMENT.**

8.2 A violation of Minnesota Statutes, section 145D.43, is an unfair and unconscionable
8.3 practice in violation of Minnesota Statutes, section 325F.69, subdivision 1. The attorney
8.4 general may enforce this section under Minnesota Statutes, section 8.31.