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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

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A N A C T

RELATING TO HEALTH AND SAFETY -- THE HOSPITAL CONVERSIONS ACT --
HEALTHCARE INVESTMENT BOND REQUIREMENT

Introduced By: Senators Urso, Famiglietti, Vargas, Dimitri, Ujifusa, de la Cruz,
LaMountain, and Acosta

Date Introduced: March 04, 2026

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 23-17.14 of the General Laws entitled "The Hospital Conversions
2 Act" is hereby amended by adding thereto the following section:

3 **23-17.14-37. Bond requirement for private equity company or REIT investment.**

4 (a) Any private equity company or real estate investment trust (REIT) engaging in a
5 transaction that will lead to the private equity company or the REIT obtaining direct or indirect
6 ownership or control of a provider, as defined in federal law, 42 CFR § 400.202 or provider-
7 sponsored organization (PSO), pursuant to federal law 42 U.S.C. § 1395w-25(d) shall:

8 (1) Submit a notice of material change to the department of attorney general pursuant to
9 rules promulgated pursuant to § 6-36-22 to include, but not limited to, 110-RICR 30-00-5; and

10 (2) Deposit, a bond with the department of health ("department").

11 (b) The private equity company or REIT shall not use the provider or PSO or the provider's
12 or PSO's assets or property as security for the bond, pay for the bond by placing debt on the provider
13 or PSO, permit the provider or PSO to pay the bond on the private equity company or REIT's
14 behalf, or allow the provider or PSO to otherwise be liable or indemnify the private equity company
15 or REIT for the bond.

16 (c) Until such bond has been deposited, the department shall not issue a license to such
17 provider or PSO under this chapter, and any material change notice submitted pursuant to
18 subsection (b) of this section shall be deemed incomplete. If the bond has not been deposited, but

1 the department would otherwise be permitted to collect the bond, the department shall be permitted
2 to collect from the private equity company or the REIT the amount the department would have
3 been able to collect had the bond been deposited.

4 (d) The department shall determine the amount of the bond, which shall equal one year of
5 the provider's or PSO's average or estimated operating expenses, plus the estimated cost of hiring
6 an independent supervisor and reasonable staff to supervise and facilitate collecting and spending
7 the bond. The private equity company or REIT shall maintain the bond for as long as the private
8 equity company or REIT directly or indirectly owns or controls the provider or PSO, and for seven
9 (7) years thereafter.

10 (e) The department may collect the bond if the provider or PSO declares bankruptcy, is at
11 imminent risk of closure, or closes a majority of the essential services the provider or PSO provides,
12 as determined by the department. The department shall use the bond proceeds to support the
13 continued provision of healthcare services to patients served by the provider or PSO. Prior to
14 spending the bond, the department shall seek input from the public, including, but not limited to,
15 providers, PSOs and patients, regarding how to spend the bond. The department may select an
16 independent supervisor and reasonable staff to supervise and facilitate collecting and spending the
17 bond. This section does not provide the department with the authority to petition for the
18 appointment of a receiver for the provider or PSO.

19 (f) The private equity company or the REIT is prohibited from interfering with or
20 controlling the clinical decisions of health care practitioners.

21 (g) The department shall promulgate regulations necessary to implement this section.

22 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO HEALTH AND SAFETY -- THE HOSPITAL CONVERSIONS ACT --
HEALTHCARE INVESTMENT BOND REQUIREMENT

1 This act would mandate all private equity companies or real estate investment trusts (REIT)
2 that are seeking to invest in healthcare providers or provider-sponsored organizations in this state,
3 submit a notice of material change with attorney general and deposit a bond with the department
4 of health (DOH). This act would also require that the bond be the equivalent of one year of the
5 investor's expenses and be maintained as long as the company owns or controls the provider or
6 provider organization and for 7 years after leaving. DOH would be allowed to collect the bond if
7 the provider or provider-sponsored organization declares bankruptcy, is at risk of closure, or closes
8 a majority of essential services. The act would also prohibit the investor from interfering with or
9 controlling the clinical decisions of health care practitioners.

10 This act would take effect upon passage.

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