

SENIOR CARE POLICY BRIEFING



March 29, 2024

© 2024 THE LONG TERM CARE COMMUNITY COALITION

NEWSFLASH

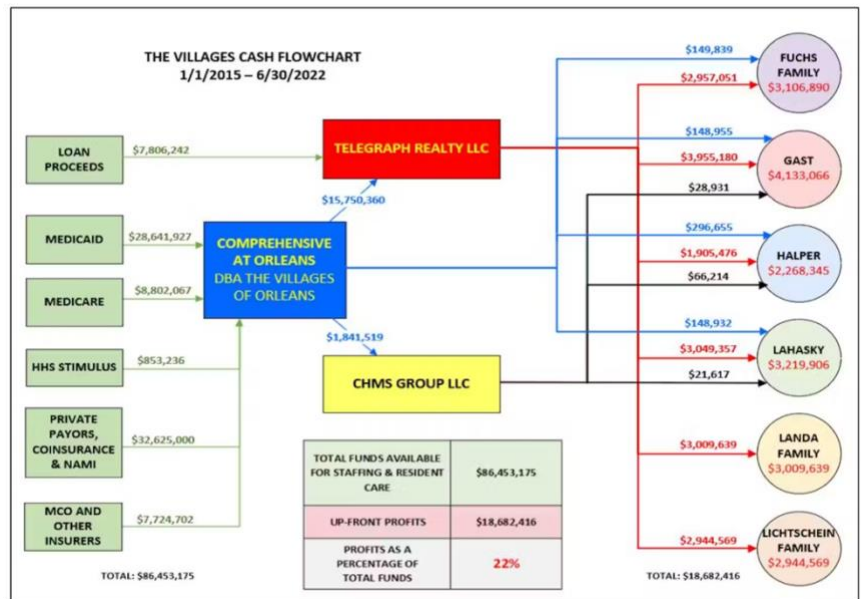
- [An investigation of newly released government data](#) reveals serious issues in for-profit, midsize nursing home chains. These chains were found to have higher fines, lower quality ratings, and more resident abuse. Private investors are buying struggling nursing homes, leading to frequent ownership changes that undermine resident care. The lack of transparency in ownership structure enables exploitation, with private equity firms and real estate investment trusts exacerbating problems by draining resources from facilities.
- Transparency regarding nursing home owners and investors has emerged as a growing public concern, fueled by concerns about sophisticated investors diverting resources towards concealed profits. To address this, the Biden Administration launched a [public database of nursing home ownership data](#). However, a [recent study](#) found significant gaps in the data, indicating that steps to ensure that ownership data are complete, timely, and accurate are needed.

LTC BY THE NUMBERS

- [For-profit groups now own about 72% of US nursing homes](#), with ownership shifting towards complex structures such as private equity and real estate investment trusts. Studies continuously show lower staffing, lower quality ratings, and more violations in for-profit-owned facilities. Self-dealing through related-party transactions for rent and other services too often diminishes funds for staffing and resident care.

GET THE FACTS

- The American Healthcare Association, a multi-million dollar lobby association, reports that 45% of surveyed facilities reported operating losses or breaking even in its [State of the Sector](#) report.
⇒ However, [new independent research on nursing home cost reports](#) – the data that facilities self-report to the government – found the widespread use of “tunneling,” a practice in which companies covertly extract profits by overpaying related parties for goods and services. The analysis (which used Illinois data due to the state’s strong cost report requirements) revealed that “in 2019, 63% of nursing home profits were hidden and tunneled to related parties through inflated transfer prices.”



New York Attorney General Letitia James filed a lawsuit at the end of 2022 against The Villages of Orleans Health and Rehabilitation Center for financial fraud leading to resident neglect. The lawsuit alleges that the owners diverted Medicaid funds for personal profit, resulting in staffing cuts and substandard care. The owners, including various companies and individuals, are accused of orchestrating a complex fraud scheme involving multiple entities. Chart via [The Conversation](#).

