

# SENIOR CARE POLICY BRIEFING



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## PROFIT OR PERIL? THE NURSING HOME INDUSTRY'S MIXED MESSAGES

While many nursing home operators speak of financial struggles and seek support from policymakers, they simultaneously report strong earnings and growth to shareholders. This disparity raises important questions about the true state of the industry and how it impacts the quality of care for residents. So, which is it?

- [Welltower's Q2 results](#) included a 21.7% increase in its senior housing operating portfolio. CEO Shank Mitra expressed continued optimism about the sector, noting that this is the seventh consecutive quarter of over 20% same-store net operating income growth in its senior housing operating portfolio.
- McKnight's reported that the nation's largest senior living provider, [Brookdale Senior Living](#), reported "continued COVID-19 pandemic recover," with [Brookdale announcing](#) plans to "[g]et every available unit in service at the best profitable rate."
- [Sabra Health Care REIT Inc.](#) is seeing positive trends in reimbursement and investment opportunities according to the company's Q2 earnings call. Sabra's CEO said skilled nursing margins and rent coverage are higher than pre-pandemic levels, and there's potential for further gains as occupancy improves.
- [Capital Funding Group announced](#) that it closed over \$440 million in healthcare bridge loans, HUD loans, and other financial transactions in the first half of the year.

## WHAT'S GOING ON IN THE COURTS?

- A government-appointed trustee has asked a [federal judge to block Petersen Health Care](#) from issuing around \$1.3 million in incentive payments to its executives and regional directors. Petersen, a skilled nursing chain with nearly 100 facilities, filed for bankruptcy in March but has continued operations with a \$45 million loan.
- A [federal court awarded \\$35.8 million](#) in back wages and damages to 6,000 workers of Comprehensive Healthcare Management Services. The court found that Comprehensive, which operates 15 skilled nursing facilities in Pennsylvania, willfully denied workers overtime pay, failed to pay for all hours worked, and improperly classified employees to avoid paying overtime.
- [A NY Supreme Court judge rejected arguments](#) from Centers Health Care, accused of \$83 million in Medicare and Medicaid Fraud. The lawsuit alleges that the owners engaged in fraudulent practices, including filing false Medicaid certifications, paying inflated rents, and diverting funds meant for patient care.
- [The IL attorney general](#) has filed a lawsuit against a closed facility for owing over \$420k in unpaid wages to 117 employees.

Neil Pruitt Jr., chairman and CEO of PruittHealth, has been awarded a "[Champion of Quality Award](#)" by the American Health Care Association (AHCA). Meanwhile, [the Center for Medicare Advocacy found that PruittHealth facilities have below-average ratings in both health inspections \(2.7 stars\) and staffing \(2.7\) stars](#). In addition, 9.2% of PruittHealth facilities have abuse icons, and 15% of its facilities have been denied payments for new admissions due to compliance issues.