Increasing Transparency and Accountability of Ownership Data

Accurate, readily available, and accessibly presented ownership data is vital to understanding and addressing nursing home quality concerns at both the state and federal level. Building on recent and ongoing federal efforts to improve the ownership data system, the Coalition will design and test a nationally applicable blueprint for ownership transparency at either the federal level or in one state that will make meaningful data widely available.

Guiding Recommendation from NASEM’s The National Imperative to Improve Nursing Home Quality

“The U.S. Department of Health and Human Services (HHS) should collect, audit, and make publicly available detailed facility-level data on the finances, operations, and ownership of all nursing homes [....]” (Recommendation 3A, p. 518)

“The U.S. Department of Health and Human Services should ensure that accurate and comprehensive data on the finances, operations, and ownership of all nursing homes are available in a real-time, readily usable, and searchable database [....]” (Recommendation 3B, p. 519)

The Coalition thanks the Transparency & Accountability Committee for writing this Action Plan.
Purpose

Knowing and understanding who owns a nursing home, as well as any related business relationships and contracts, is essential for anyone making decisions about and monitoring nursing home in order to improve resident quality of life and care. Unfortunately, the current system does not require nursing homes to report certain ownership data to the Centers for Medicare and Medicaid (CMS). This lack of transparency means that data may not be accurate, readily available or comprehensible, and, therefore, leaders and stakeholders may not be able to determine who owns and impacts the operations of a particular nursing home.

Misaligned data elements and systems of ownership and cost reporting, and complicated business structures employed by many nursing home operators, create layered challenges to understanding who owns each nursing home and the impact on operations.

By July 2025, the Coalition believes the following is both possible and vital: (a) ownership reporting requirements will be detailed and clear; (b) specific ownership terms will have nationally standardized definitions; (c) systems for routine monitoring, periodic audits and enforcement processes will be in place at the federal level. (A high-level overview is provided in the Appendix.)

To these ends, the Coalition will create a blueprint for an optimal system of nursing home ownership transparency. The blueprint will identify areas for collaboration at the federal, federal-state, and state levels to align fragmented systems and create synergies. The blueprint will establish standardized ways to describe common ownership (i.e., companies with multiple nursing homes) and relationships with management companies and other entities. In doing so, the Coalition will consider whether and how data can be used by consumers, care providers, government agencies, and other stakeholders, so that transparency supports realistic and meaningful goals such as increasing accountability and improving residents’ quality of life.

**Goal #1:** Conduct a regulatory scan of existing ownership oversight roles (documented in an organizational graphic), including the intersection of federal agencies, exemplar state agencies, and other governing bodies responsible for nursing home data transparency and accountability.

**Goal #2:** Design and test a blueprint for optimal nursing home ownership transparency that defines persons or entities exercising operational, financial, or managerial control over nursing homes by February 1, 2024. This blueprint will reflect new standards that make clear who owns each nursing home.
Phases of Work

To accomplish Goal #1, the Coalition will research existing resources and interview subject matter experts in and out of government. A comprehensive document will serve as an actionable resource for stakeholders to advance transparency and accountability at state and national levels.

To accomplish Goal #2, the Coalition will integrate data from various systems and interview state and federal stakeholders. The Coalition will identify and work with CMS and at least one state to finalize and test the feasibility of the blueprint so that it may subsequently be made available for scale and dissemination. Regulators, providers, insurance companies, auditors, and advocates will be able to use the blueprint.

Progress to Date

The Coalition conducted a review of federal agency datasets and other sources of information on nursing home ownership. (See Appendix for a high-level overview.) The Coalition added members with expertise in cost reporting and nursing home ownership data analysis and conducted outreach to federal and state agencies.

Note: Substantial recent work has been done by both CMS and CPI to advance ownership transparency goals. Coalition members extensively reviewed information such as the White House Fact Sheet from February 2022 and CMS and the Center for Program Integrity (CPI) updated regulations and notice of proposed rulemaking (NPRM) related to ownership data transparency. Most recently, CMS released a memo (QSO-23-18-NH) that detailed new requirements about how shared ownership and operatorship would be reported on Care Compare. This action plan seeks to build upon and inform (not duplicate) those efforts.

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1 The White House. 2022. [FACT SHEET: Protecting Seniors by Improving Safety and Quality of Care in the Nation’s Nursing Homes](https://www.whitehouse.gov).
Proposed Timeline

<table>
<thead>
<tr>
<th>Activity</th>
<th>Completion Date</th>
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<tbody>
<tr>
<td>Share results of a regulatory scan in the form of an organizational chart or similar graphic that describes relevant relationships among state and federal agencies related to the collection and reporting of nursing home ownership data.</td>
<td>August 2023</td>
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<tr>
<td>Conduct interviews with leaders in at least three states and the federal government to document barriers and explore possibilities for promoting a robust system of ownership transparency.</td>
<td>October 2023</td>
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<tr>
<td>Identify at least one state licensure agency or division that has committed to working with the Coalition on the design and testing of the optimal blueprint for at least three to six months.</td>
<td>December 2023</td>
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<tr>
<td>Produce and begin testing (via stakeholder feedback) a blueprint for an optimal system of ownership transparency – including defining a person or entity that “exercises operational, financial, or managerial control over the facility or a part thereof” and designing a proposed system for tracking and auditing.</td>
<td>February 2024</td>
</tr>
<tr>
<td>Share results from state-based efforts to introduce an optimal system of ownership transparency under the purview of scopes of work for nursing home demonstration projects, payer-provider contracting standards and value-based payment models.</td>
<td>June 2024</td>
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</tbody>
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Intended Long-Term Federal Action

The Coalition hopes to see the following by July 2025:

- Nursing homes will provide ownership information (including links to other nursing homes nationwide in which owners have a stake) with supporting documents, beyond current self-reporting requirements. The Coalition will offer to work with CMS, CPI, and other federal or state agencies to achieve this goal, including updating or revising regulations.
- There will be clear time parameters and penalties for failure to comply with reporting requirements under Section 6101 of the Affordable Care Act, including penalties for submitting false or misleading information or failure to submit any information. States will be audited by CMS to determine whether they are up to date with cost report reviews and enforcement for non-compliant nursing homes.
- There will be routine CMS and/or state auditing to verify whether ownership information being reported by nursing homes is complete and accurate.
- Ownership information will be publicly reported in an accessible manner using easily interpretable terms (e.g., on Care Compare).
Additional Details

Partners and Stakeholders

**Leader in One State:** The Coalition will work with at least one committed state agency director or designated lead. The leader of that agency must have the authority to determine that the state will work with the Coalition on piloting.

This state partner will need to share existing documents and processes related to nursing home ownership reporting in that state – including the state’s cost report template, federal cost report template, enrollment forms (e.g., Form 855A), and any other relevant documents that are required for a nursing home’s licensure. All aspects of the process will be addressed – including timeframes, technology required, steps in the process (including instruction manuals for nursing homes), steps in the enforcement process/cycles, and any state documents that detail elements of enforcement and remedies.

**Additional Stakeholders for Scale and Spread:** To achieve national scale and spread to all states after initial testing, the Coalition will engage with:

- Centers for Medicare & Medicaid Services (CMS), including the Center for Clinical Standards and Quality (CCSQ), Office of the Administrator (OA), and Center for Program Integrity (CPI)
- Other federal agencies that oversee or interact with state licensure programs
- Auditors or other private consultants who advise on or audit cost reports
- State licensure agencies that review cost reports and enforce compliance
- State divisions on aging, survey agencies, or other state entities that work with the licensure agency
- Researchers and others with expertise in state or federal cost reports, Provider Enrollment, Chain, and Ownership System (PECOS), enrollment data, Care Compare, or other large data sets
- Professional associations (and local affiliates or chapters) – including the American Health Care Association (AHCA), LeadingAge, the Society for Post-Acute and Long-Term Care Medicine (AMDA), the Gerontological Society of America (GSA), the American College of Healthcare Administrators (ACHCA), and the National Association of Long Term Care Administrator Boards (NAB)
- Advocacy organizations – including the Center for Medicare Advocacy, California Advocates for Nursing Home Reform, and The Consumer Voice.
Equity

The Coalition believes race, ethnicity and social needs data need to be easily accessible when looking at nursing home ownership data to assess how ownership patterns interact with and impact disparities. The Coalition will ask and document the degree to which these ownership data sets are readily integrated with data about nursing home residents, staff and communities.

Sustainability and Financing

State engagement may not be possible without CMS approval. The Coalition will continue to work with CMS and CPI leaders to seek approval as needed for work in a particular state.

The blueprint will likely propose additional data collection roles and relationships between agencies. These added tasks may require new or revised staff roles, revised data systems, additional funding, and updated processes for federal and state staff. The Coalition will outline these changes in the blueprint.
Appendix
Scan of Existing Ownership Data and Gaps

To date the Coalition has compiled an informal description of existing data sources and known gaps related to ownership information:\(^4\)

**The Provider Enrollment, Chain, and Ownership System (PECOS):**
- Ownership is defined as greater than or equal to a five percent stake; reported information includes legal business name, state licensure, profit status, affiliation with a multi-facility chain (e.g., chain defined as two or more nursing homes; specific chains are not listed).
- Nursing homes attest to the accuracy of information in PECOS, but it is not regularly audited. Information on ownership is not always accurate. For example, most nursing homes with real estate investment trust (REIT) ownership do not report it in PECOS.\(^5\)
- PECOS is generally not made available to the public or researchers.

**Skilled Nursing Facility Enrollment Dataset:**
- Based on PECOS.
- Includes two files: one identifying nursing homes owned by the same chains or other common ownership and a second file identifying all nursing homes.
- CMS states that this file is primarily meant for use by researchers and state/federal agencies, and not by the general public.\(^6\)

**Skilled Nursing Facility Change of Ownership (CHOW) Dataset:**\(^7\)
- Based on PECOS.
- According to CMS, CHOW “includes information on the buyer and seller organization’s legal business name, provider type, change of ownership type (CHOW, Acquisition/Merger, or Consolidation) and the effective date of the change.”

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\(^4\) The scan of federal and state regulatory responsibility and the optimal blueprint will describe current ownership information, including any gaps, along with recommendations on steps to be taken to fill those gaps. The blueprint will include information that is reported or collected, the reliability of that information, and the extent to which that information is available to the public. It is an attainable initial goal that will provide a foundation for next steps, such as creating a dynamic dashboard to report finances and related party transactions.


\(^6\) CMS. 2023. *Skilled Nursing Facility All Owners*.

\(^7\) CMS. *Skilled Nursing Facility Change of Ownership*. Maintained by CMS – the data come from PECOS.
Care Compare for Nursing Homes:
- Based on information from state inspections, staffing reports, and quality indicators derived from the Minimum Data Set (MDS).
- It includes legal business name, profit status, and individuals/organizations with greater than or equal to five percent stake in ownership.
- Common ownership of other nursing homes is listed as of June 28, 2023.

Skilled Nursing Facility Federal Uniform Medicare Cost Report:
- Revenue, expenses and utilization data self-reported annually by each individual skilled nursing facility (SNF).
- Disclosure of:
  - Whether SNF is part of a chain and the name/address of Home Office;
  - Whether SNF has incurred costs resulting from transactions with related organizations defined in CMS Publication 15-1 (The Provider Reimbursement Manual - Part 1), type of expense, and the amount of Medicare allowable cost incurred by the related entity in providing the service.
- No disclosure of:
  - Ownership of SNF Healthcare Operations;
  - Whether the operations are contracted to a management company;
  - Ownership of real estate that is being used for the SNF operations.
- Individual SNF cost reports are made available to the public through Freedom of Information requests to the SNF Medicare intermediaries, a process that is not easily understood by consumers. Public data files are available for download but are not in a usable format without interpretation and analysis.

Federal Uniform Medicare Home Office Cost Report:
- Listing of individual SNFs that are part of the Chain Organization with common ownership or that receive management services from the Chain Home Office.
- Detailed Management and Operating Expenses incurred by the Chain Home Office and an allocation of those costs to the individual SNFs or entities.
- Does not include reporting of details for other related party transactions such as rehabilitation services, medical supplies, building leases, etc.
- Home Office cost reports are made available to the public through Freedom of Information requests to Medicare intermediaries, a process that is not easily understood by consumers and does not allow access in a timely manner.

State Medicaid Cost Reports:
- No CMS requirement for standardization of reporting of ownership information.

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8 CMS. 2023. Posting of Nursing Home Ownership/Operatorship Affiliation Data on Nursing Home Care Compare Website and data.cms.gov, Center for Clinical Standards and Quality.
• Significant variation in requirements for reporting of types of transactions with related party organizations.
  o Some states require a Medicaid Home Office Cost Report.
  o A few states require a Consolidated Cost Report.
• Significant variation in validation or auditing of cost reports between states.
  o Available online for AZ, CA, IL and PA.
  o Contain staffing information for AZ, CA, FL, IL, MA, MO, NY, OH, OK, and PA.
Acknowledgements

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