

THE NATIONAL
IMPERATIVE TO
IMPROVE NURSING
HOME QUALITY
*Honoring Our
Commitment to
Residents, Families,
and Staff*

Increase Transparency and Accountability of Nursing Home Finances, Operations, and Ownership

A key aim of nursing home oversight over the past decade has been to ensure greater transparency in ownership status and financing. While research shows a connection between ownership and quality of care, quality assurance efforts have not focused extensively on the financial ties that shape the financing of care within a nursing home. Despite its importance, adequate transparency has not been achieved.

The National Imperative to Improve Nursing Home Quality: Honoring Our Commitment to Residents, Families, and Staff examines the complex and multifaceted challenges nursing homes currently face and outlines goals and recommendations to improve the overall quality of nursing home care. Increased transparency and accountability for nursing home finances, operations, and ownership are critical to understanding the quality of care both within individual nursing homes and across facilities with a common owner or management company.

RECOMMENDATIONS

The Current Status of Nursing Home Ownership, Financing, and Transparency

Historically, most nursing homes are for-profit entities. Increases in private equity investment and ownership complexity spurred renewed attention to the disclosure of ownership and financial relationships. This is important because in general, quality-of-care problems have been disproportionately identified in nursing homes with more complex corporate ownership structures. Moreover, the increased complexity of nursing home ownership structures complicates the ability to understand where nursing homes spend their resources, and lack of transparency and accountability in payment and finances makes it extremely difficult to assess the adequacy of current payments. There is also little transparency regarding the practice of

some nursing homes to contract with related-party organizations (also owned by the nursing home owner) for services such as management, nursing, or therapy.

Some progress has been made in simplifying nursing home cost reporting in recent years, yet there are still substantial questions about the accuracy and completeness of these data. For example, no current mechanism exists to confirm the accuracy and completeness of reported data, and requirements related to the full disclosure of ownership have not been operationalized and enforced. The available information is incomplete, often difficult to use, and does not allow for determining the corporate structure, finances, and operations of individual nursing homes or assessing quality across facilities owned or operated by the same entity.

Providing Detailed Facility-Level Data in a Public Database

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, such as through Medicare and Medicaid cost reports and data from Medicare's Provider Enrollment, Chain, and Ownership System. Furthermore, HHS should ensure that the data allow the assessment of staffing patterns, deficiencies, financial arrangements and payments, related party entities, corporate structures, and objective quality

indicators by common owner (as is the case for chain and multi-facility owners) or management company.

HHS should ensure that these data are accurate, comprehensive, and available in a real-time, readily usable, and searchable database. Such data should be able to be used by consumers, payers, researchers, and federal and state regulators to evaluate and track the quality of care for facilities with common ownership or management company and to assess the impact of nursing home real estate ownership models and related-party transactions on the quality of care.

CONCLUSION

Improving the ability to understand where nursing homes spend their resources and gaining a more accurate sense of their overall financial status are essential elements of transparency. Ultimately, increased transparency of the finances, operations, and ownership of nursing homes is critical to improving the financial investment in nursing home care and to improving quality assurance, both of which contribute to the common goal of improving the quality of care in nursing homes.

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