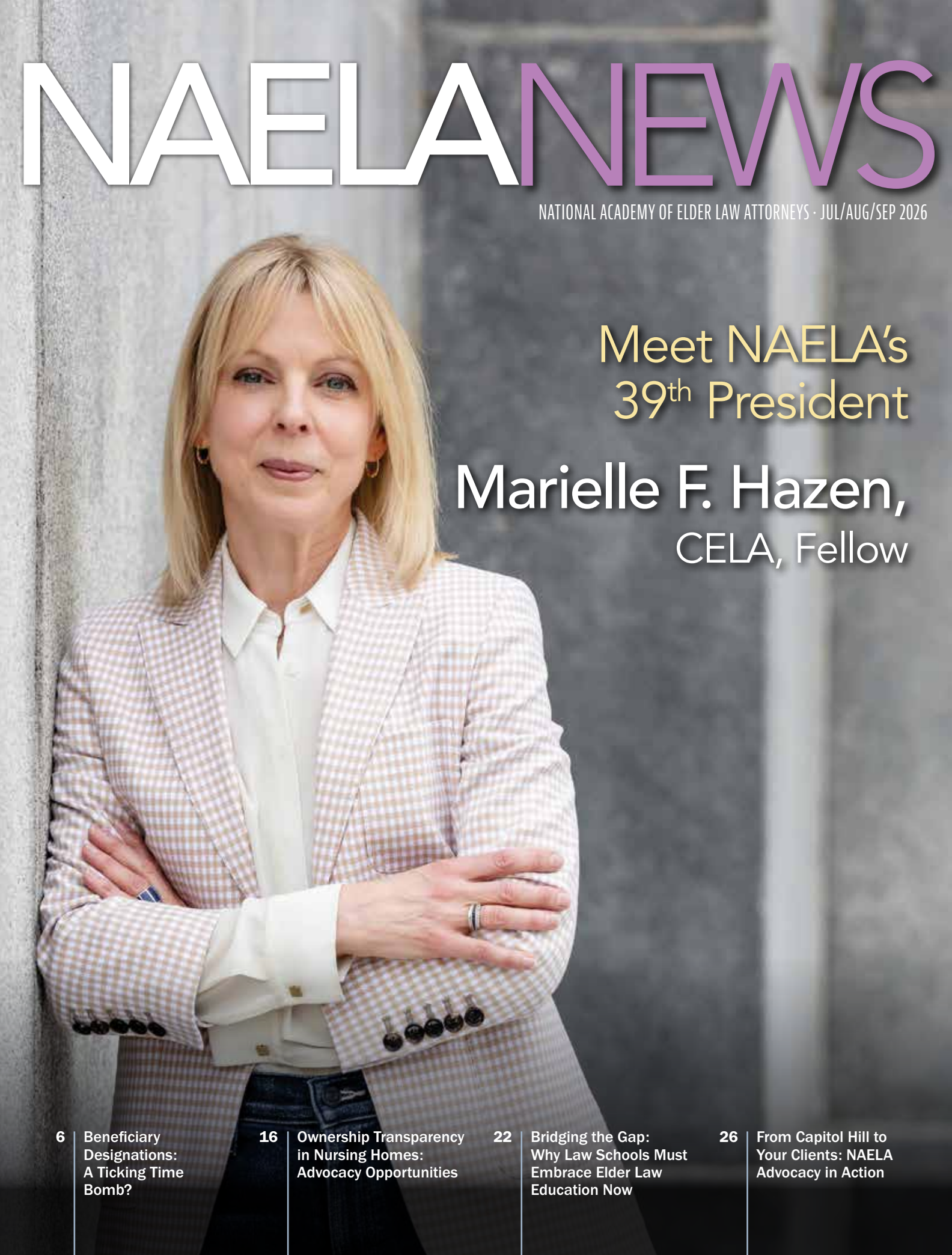
NAELA NEWS

NATIONAL ACADEMY OF ELDER LAW ATTORNEYS · JUL/AUG/SEP 2026



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Ownership Transparency in Nursing Homes: Advocacy Opportunities

As nursing home ownership grows increasingly complex, greater transparency is essential to safeguarding quality of care.

Nursing home ownership transparency has become a crucial policy issue in recent years, affecting state agencies and federal regulators, but also residents, families, advocates, and the broader public.[1] True "nursing home transparency" requires visibility into ownership, finances, staffing levels, care quality, and state regulatory enforcement. It spans both transparency to the state and to the public and requires corresponding accountability actions based on the information revealed through transparency. However, the increasing complexity of nursing home provider ownership clouds transparency.

The Changing Landscape of Ownership

The structure of nursing home ownership in the United States is not what it was decades ago. In 1972, 18% of nursing homes were owned by for-profit organizations.[2] Traditionally, nursing homes for older adults were operated by religious institutions including Catholic, Lutheran, Jewish, and other faith-based organizations.[3] Today, almost 72% of nursing homes are for-profit; of these for-profit homes, 66% operate as part of corporate chains[4] and an estimated 5–13% have private equity (PE) involvement.[5] The days of mom-and-pop or single-owner operations are largely over.

Observers now see the intentional creation of complicated and multi-layered nursing home ownership. The management structures of such ownership obfuscate who is in control, who is profiting and by how much, and who should be held accountable for quality concerns. Consumer Voice attributes this to a 2003 *Journal of Health Law*

1 Alissa Halperin, *Oh, What a Tangled Web They Weave: Nursing Homes, Opaque Ownership, Private Equity, Insufficient Vet-Ability, Obfuscation of Accountability, and the Broader Healthcare Sector,* Substack, https://substack.com/@alissahalperin (accessed Aug. 19, 2026).

2 Harris Meyer & KFF Health News, *For-Profit Groups Have Vacuumed Up Over 70% of America's Nursing Homes, and Health Advocates Are Worried,* Fortune (Mar. 12, 2024), https://fortune.com/2024/03/12/nursing-homes-for-profit-private-equity/ (accessed Aug. 19, 2026); Sean Campbell & Charlene Harrington, *For-Profit Nursing Homes Are Cutting Corners on Safety and Draining Resources,* Kentucky Lantern (Apr. 24, 2024), https://kentuckylantern.com/2024/04/24/for-profit-nursing-homes-are-cutting-corners-on-safety-and-draining-resources/ (accessed Aug. 19, 2026).

3 Meyer & KFF Health News, *supra* n. 2.

4 W. Pete Welch et al., *Ownership of Skilled Nursing Facilities: An Analysis of Newly Released Federal Data,* U.S. Dept. of Health & Human Servs., Off. of Assistant Secretary for Plan. & Evaluation, (Dec. 15, 2022), https://aspe.hhs.gov/sites/default/files/documents/fd593ae970848e30aa5496c00ba43d5c/aspe-data-brief-ownership-snfs.pdf (accessed Aug. 19, 2026).

5 Dunc Williams Jr. et al., *Nursing Home Finances Associated With Real Estate Investment Trust and Private Equity Investments,* 2(4) Health Affs. Scholar (Apr. 2024), https://doi.org/10.1093/haschl/qxae037 (accessed Aug. 19, 2026); Campbell & Harrington, *supra* n. 2. Most states do not currently require disclosure of PE involvement and, thus, this estimate is likely undercounted due to incomplete disclosure laws in many states.

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article that suggested nursing homes could protect themselves from Medicare and Medicaid exclusion and limit their tort, tax, and insurance liability by dividing their business into multiple smaller compartmentalized business entities.[6]

For-profit entities have recently leveraged these tactics considerably. An increasing number of nursing home providers separate out the business roles of property ownership, management, janitorial, payroll, pharmacy, and other functions. Increasingly, nursing home owners have sold off their property or buildings to real estate investment trusts (REITs) or other landlords only to then lease these back from that same REIT or other landlord.[7] Additionally, instead of leasing the building or contracting for services with an unrelated party, nursing homes are increasingly contracting with companies that have shared owners to the nursing home or "related parties" for goods and services the nursing home needs. Restated, the same owner(s) often control both the nursing home and the company under contract to provide the nursing home with goods, services, or its physical site.[8] In these situations, what frequently happens is that the related party gets the contract — regardless of whether it is the most qualified, provides the highest quality services, or offers the best prices.

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While originally recommended to avoid tort or tax liability and manage higher insurance costs, this multi-entity strategy has been deployed to yield and/or divert profits to the related parties, thereby increasing profits to the shared owners of the nursing home and related parties. Related parties may be contracted to provide staffing, food or linen services, janitorial services, administrative or payroll services, or overall management of the nursing home.

The prevalence of related-party transactions is significant. In 2021, 77% of Illinois nursing home own-

6 Joseph E. Casson & Julia McMillen, *Protecting Nursing Home Companies: Limiting Liability Through Corporate Restructuring,* 36(4) J. Health L. 577 (2003), https://pubmed.ncbi.nlm.nih.gov/15068276/ (accessed Aug. 19, 2026); Natl. Consumer Voice for Quality Long-Term Care, *Where Do the Billions of Dollars Go? A Look at Nursing Home Related Party Transactions* (2023), https://theconsumervoice.org/wp-content/uploads/2024/05/2023-Related-Party-Report.pdf (accessed Aug. 19, 2026).

7 Ashvin Gandhi & Andrew Olenski, *Tunneling and Hidden Profits in Health Care,* Natl. Bureau of Econ. Research Working Paper 32258 (2024), https://www.nber.org/papers/w32258 (accessed Aug. 19, 2026); Williams et al., *supra* n. 5.

8 Gandhi & Olenski, *supra* n. 7.

ers made related-party transactions.[9] By paying the related parties more than what a fair market, arm's-length transaction would otherwise cost, researchers find that nursing home owners can, and do, shift substantial profits to those related parties.[10]

In analyzing cost reports submitted to Illinois, researchers identified that nursing homes that sold their land or buildings and then leased them back through sale-leaseback agreements frequently transacted above fair market value — both in sale price and rent — particularly when the buyer and landlord was a related party.[11]

It is, therefore, no surprise that PE investors have targeted nursing home providers as a sector from which they can extract immense and rapid profit.[12] It is equally unsurprising that PE is exploiting these tactics for profit extraction through related-party service and real estate contracts.[13]

What distinguishes PE involvement, however, is that while *purely profit-motivated providers* may use these tactics to generate significant income while operating the business over the long term, *PE as profit-motivated providers* typically employ these tactics to extract as much profit as possible within what is usually a four-to-seven-year investment cycle[14] before exiting the investment.

Ownership Transparency Matters to Many

Ownership transparency is important for lawmakers, regulators, Medicaid agencies, advocates, and the public. Without transparency, state licensure and Medicaid agencies can neither vet the experience, qualifications, performance history, and integrity of all owners — including identifying who has been barred from Medicare or Medicaid — nor hold all owners accountable for deficiencies, poor performance, or regulatory violations. Without full transparency, residents, potential residents, caregivers, and the public cannot know whether the nursing home they're considering is owned by for-profit entities (including PE investors incentivized by fast profit). They cannot know whether it is siphoning money for excess profits by paying above-market prices to landlords and service providers owned by the same owners. And, most importantly, they cannot know whether the owners' nursing home experience and past performance reflect that they typically provide high-quality care. Nursing home ownership and financial circumstances can impact so many things. Quality of care, nurse staffing, organizational solvency, and access to care are all at risk.[15]

State and Federal Efforts to Increase Transparency

COVID-19's deadly impact on nursing home residents prompted considerable scrutiny into variations between facilities. The COVID-19 epidemic revealed a significant absence of transparency. States have described unexpected challenges they faced in trying to identify the people in charge to receive important public health information. Disclosure and transparency requirements that had been designed in the era of single-person or mom-and-pop ownership had not kept pace with the evolving complexity of modern ownership. For example, licensure applications and Medicaid enrollment forms only required limited disclosure and did not probe the many levels of ownership seen in the current ownership landscape.

In 2023, new federal rules mandated increased ownership disclosures for most facilities.[16] These requirements advance toward but do not achieve full transparency.[17] They also do not require

9 Shelby Grebbin, *Nursing Homes Understating Profits to Get Higher Reimbursement Rates Is Impacting Staffing,* Skilled Nursing News (Mar. 19, 2024), https://skillednursingnews.com/2024/03/nursing-homes-understating-profits-to-get-higher-reimbursement-rates-is-impacting-staffing/ (accessed Aug. 19, 2026).

10 Gandhi & Olenski, *supra* n. 7.

11 *Id.* This study found that renting from a related party increases facilities' yearly real estate costs by an average of 42.4%, an increase that is translating to profits for the related party.

12 *Id.*; Williams et al., *supra* n. 5.

13 Eileen O'Grady, *Pulling Back the Veil on Today's Private Equity Ownership of Nursing Homes,* Private Equity Stakeholder Project (July 2021), https://pestakeholder.org/wp-content/uploads/2021/07/PESP_Report_NursingHomes_July2021.pdf (accessed Aug. 19, 2026).

14 Gandhi & Olenski, *supra* n. 7.

15 Williams et al., *supra* n. 5.

16 *Medicare and Medicaid Programs: Disclosures of Ownership and Additional Disclosable Parties Information for Skilled Nursing Facilities and Nursing Facilities; Medicare Providers' and Suppliers' Disclosure of Private Equity Companies and Real Estate Investment Trusts,* 88 Fed. Reg. 80141 (Nov. 17, 2023), https://www.federalregister.gov/documents/2023/11/17/2023-25408/medicare-and-medicaid-programs-disclosures-of-ownership-and-additional-disclosable-parties (accessed Aug. 19, 2026).

17 Alissa Halperin, *Why Your Mother's Nursing Home Is Able to Hide Its Owners, Investors, and Contractors,* Substack (June 5, 2026), https://substack.com/home/post/p-200790745 (accessed Aug. 19, 2026). The additional disclosable party requirement is limited to parties with ownership interest in the real property upon which the nursing home sits; only those with 5% or more ownership interest in the property need to be disclosed. The organizational structure requirement for corporations only requires corporations that have an own-

any action in response to the information disclosed, whether for licensing, sanctions, or Medicaid participation purposes.[18] In recent years, numerous state legislatures and regulatory bodies have adopted provisions to improve ownership transparency to the state and to the public.[19] A non-exhaustive list of states that have recently enacted successful legislative or regulatory transparency measures includes Connecticut, Pennsylvania, Massachusetts, New Jersey, and California.

Ownership Impacts Quality

For-profit nursing homes, especially those owned by PE, consistently show lower staffing levels, higher deficiency rates, and worse resident outcomes than nonprofit providers.[20] PE ownership in particular has been tied to more frequent preventable hospitalizations and emergency department visits.[21] Additional research found evidence that PE cut staff in nursing homes while increasing resident volume.[22] It also found that nursing home quality ratings from the Centers for Medicare & Medicaid Services declined following PE acquisition.[23] The consequences? Residents are placed at risk by underinvestment in staffing and quality of care. Quality of care issues are revealed in state and federal information about ownership, finances, staffing levels, quality, and enforcement actions. States and clients need to understand these critical connections — and with your help, clients can learn to be better advocates for themselves.

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Advocate With Your Clients

Use all your tools (firm newsletters, website, client information packets, and client meetings) to educate your clients about nursing home ownership.

- Explain in plain language why nursing home ownership matters and whether related parties are under contract to provide services or serve as landlords. Discuss with your clients the issues of ownership, quality, and enforcement data in terms they can understand.
- Teach your clients how to find or request information on ownership, quality, staffing, and enforcement. Explain where to look, what to look for, how often to look, how to make sense of what they see, when and why to be concerned, who can help, and how to act on concerns. Where to look and who can help is typically state-specific information you will need to identify and provide.
- Outline for clients how to speak up about quality or conditions of concern. Encourage clients to consider any quality or past performance

ership interest of 5% or more to be disclosed. For limited partnerships, only those that have an ownership interest of 10% or more need to be disclosed.

18 Medicare and Medicaid Programs, *supra* n. 16.

19 Kathleen Steele Gaivin, *States Slowly Acting on Private Equity in Long-Term Care,* McKnights Senior Living (Oct. 22, 2024), https://www.mcknightsseniorliving.com/news/states-slowly-acting-on-private-equity-in-long-term-care/ (accessed Aug. 19, 2026); Anna Claire Vollers, *Can States Hold Nursing Home Owners More Accountable?,* Governing (June 9, 2026), https://www.governing.com/management-and-administration/can-states-hold-nursing-home-owners-more-accountable (accessed Aug. 19, 2026).

20 Vikram R. Comondore et al., *Quality of Care in For-Profit and Not-For-Profit Nursing Homes: Systematic Review and Meta-Analysis,* BMJ (Aug. 4, 2009), https://pmc.ncbi.nlm.nih.gov/articles/PMC2721035/ (accessed Aug. 19, 2026); Lisa A. Ronald et al., *Observational Evidence of For-Profit Delivery and Inferior Nursing Home Care: When Is There Enough Evidence for Policy Change?,* 13(4) PLOS Med. (Apr. 19, 2016), https://pmc.ncbi.nlm.nih.gov/articles/PMC4836753/ (accessed Aug. 19, 2026); Charlene Harrington et al., *Does Investor Ownership of Nursing Homes Compromise the Quality of Care?,* 91(9) Am. J. Pub. Health (Sep. 2001), https://pnhp.org/docs/AJPH9_01.pdf (accessed Aug. 19, 2026); Campbell & Harrington, *supra* n. 2.

21 Robert Tyler Braun et al., *Association of Private Equity Investment in US Nursing Homes With the Quality and Cost of Care for Long-Stay Residents,* 2(11) JAMA Health Forum (Nov. 19, 2021), https://jamanetwork.com/journals/jama-health-forum/fullarticle/2786442 (accessed Aug. 19, 2026).

22 Atul Gupta et al., *Does Private Equity Investment in Healthcare Benefit Patients? Evidence from Nursing Homes,* NYU Stern Sch. of Bus. (Nov. 2020), https://ssrn.com/abstract=3537612 (accessed Aug. 19, 2026).

23 *Id.*

history before deciding whether to move in. Remind your clients they don't have to enter or remain in a facility with profit-motivated owners or a demonstrated poor track record. For residents who don't want to leave, explain how to self-advocate for improvements and how to press the state to act on and improve poor quality of care.

Recent federal rules and state efforts offer momentum, but further action remains necessary to achieve full transparency and ensure that high-quality care is provided to all residents. Advocates can drive positive outcomes as states advance regulatory and statutory improvements to transparency and accountability.

Advocate With Your State

- Urge states to make meaningful public information on ownership, finances, staffing levels, quality, and enforcement actions easily and readily accessible on a single, user-friendly website — and to accompany it with plain-language explanations and essential context for why the data or information matters, such as how the facility's performance in each data element compares to other providers in the state and nation.
- Lobby for improved transparency and accountability *to the state*. Numerous changes[24] could improve the transparency the state has into ownership as well as related-party transactions and what it does with the information disclosure reveals. Stress the necessity of both collection and *using* information to strongly vet, oversee, and hold all owners accountable for providing high-quality care.
- Lobby your state to implement a nursing home direct care spending ratio, requiring providers to spend at least 80% of their revenue on direct care for residents and, thus, no more than a combined 20% on administrative costs and profit. New York, New Jersey, Massachusetts, Pennsylvania, Texas, and Oklahoma have these requirements.
- Urge your state's Department of Health and Medicaid agency or your elected representatives to require public notice and comment about new and changed ownership — like Massachusetts and Pennsylvania — to both inform and hear from the public about the past performance, qualifications, and background of all owners.
- Press your state's Department of Health and Medicaid agency or your elected representatives to establish mandatory hospital discharge education and informed consent standards — requiring discharge planners to provide patients with current past-performance information (quality, staffing levels, infection control violations, etc.) on any nursing home to which they might be discharged, and requiring patients to provide informed consent to the admission after review of the information.

Conclusion

Greater visibility into the real owners and operators of nursing homes and the financial relationships that shape decision-making is essential for ensuring quality, achieving accountability, and garnering public trust. Recent federal rules and state efforts offer momentum, but further action remains necessary to achieve full transparency and ensure that high-quality care is provided to all residents. Advocates can drive positive outcomes as states advance regulatory and statutory improvements to transparency and accountability. ■

24 In her consulting work with states, the author has recommended that states 1) broaden state and federal disclosure mandates to capture full ownership networks (including parent and related-party entities), conduct robust vetting of all owners (including their backgrounds, qualifications, and past performance), and apply meaningful standards to exclude or place conditions on provider licensure, as appropriate; 2) align Medicaid provider enrollment and program integrity reviews with more stringent ownership vetting; 3) improve audit and enforcement mechanisms to ensure compliance with reporting requirements and penalize noncompliance; 4) study the impacts of ownership structures on resident outcomes and target scrutiny where risk is highest, especially for chain and PE operators; and 5) coordinate reforms across states and facility types, including hospitals and other long-term care sectors.