



January 2023

NURSING HOMES

CMS Should Make Ownership Information More Transparent for Consumers

Accessible Version

GAO Highlights

Highlights of [GAO-23-104813](#), a report to the Honorable Richard Neal, House of Representatives

Why GAO Did This Study

CMS provides oversight of the nation's over 15,000 nursing homes that participate in the Medicare and Medicaid programs. This includes ensuring that homes have met certain quality standards. Several studies have shown that the quality of care provided at a nursing home can be related to its ownership. In addition, GAO and others have identified limitations in the transparency and accuracy of information on nursing home ownership.

GAO was asked to report on CMS's use of nursing home ownership information. In this study, GAO examined, among other objectives, the transparency of nursing home ownership information for consumers on Care Compare. To do so, GAO reviewed CMS documentation and interviewed CMS officials, consumer groups, and researchers. GAO also assessed whether the nursing home information on Care Compare aligned with the characteristics of effective transparency tools identified in prior GAO work.

What GAO Recommends

GAO is recommending that CMS fully align nursing home ownership information on Care Compare with relevant characteristics of effective transparency tools. This should include organizing ownership information to allow consumers to identify and examine quality ratings for nursing homes under common ownership, and using plain language to define key terms. The Department of Health and Human Services concurred with this recommendation.

View [GAO-23-104813](#). For more information, contact Leslie V. Gordon at (202) 512-7114 or gordonlv@gao.gov.

January 2023

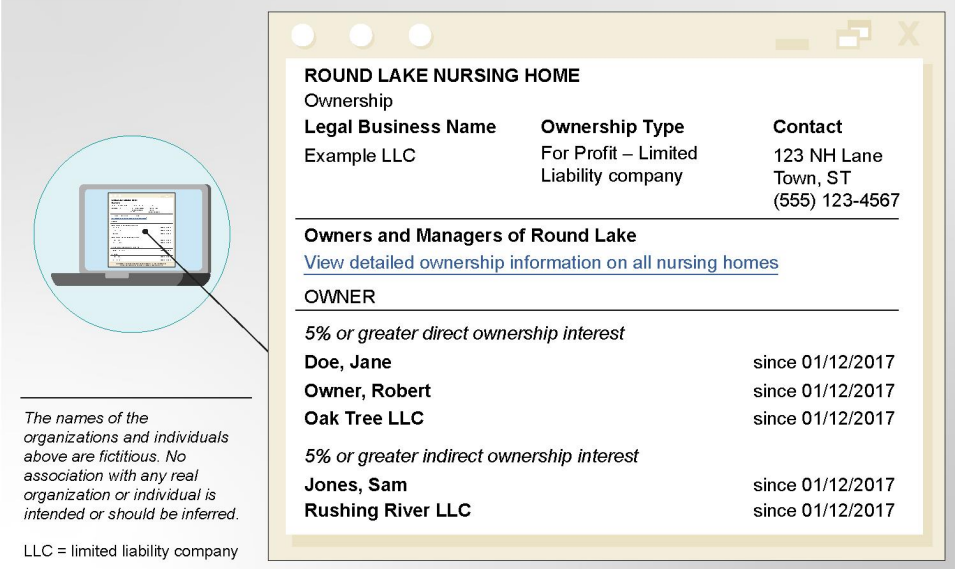
NURSING HOMES

CMS Should Make Ownership Information More Transparent for Consumers

What GAO Found

The Centers for Medicare & Medicaid Services (CMS)—the agency within the Department of Health and Human Services responsible for oversight of nursing homes—collects information on nursing home ownership characteristics. This information includes profit status, names of individual and organizational owners, and chain ownership. CMS also disseminates some of this ownership information on Care Compare, the agency's web-based tool that allows consumers to compare health care providers based on their quality of care and other characteristics. CMS officials told GAO that the agency's goal for presenting nursing home ownership information on Care Compare is to promote transparency for consumers so that they can make informed care choices.

Illustrative Example of Nursing Home Ownership Information Presented on Care Compare



The screenshot shows a web page for 'ROUND LAKE NURSING HOME'. It lists ownership information in a table with columns for 'Legal Business Name', 'Ownership Type', and 'Contact'. Below the table, it lists 'Owners and Managers of Round Lake' and provides a link to 'View detailed ownership information on all nursing homes'. The owners are categorized into '5% or greater direct ownership interest' and '5% or greater indirect ownership interest'. A callout box points to the screenshot with a note: 'The names of the organizations and individuals above are fictitious. No association with any real organization or individual is intended or should be inferred. LLC = limited liability company'.

ROUND LAKE NURSING HOME		
Ownership		
Legal Business Name	Ownership Type	Contact
Example LLC	For Profit – Limited Liability company	123 NH Lane Town, ST (555) 123-4567

Owners and Managers of Round Lake
[View detailed ownership information on all nursing homes](#)

OWNER

5% or greater direct ownership interest

Doe, Jane	since 01/12/2017
Owner, Robert	since 01/12/2017
Oak Tree LLC	since 01/12/2017

5% or greater indirect ownership interest

Jones, Sam	since 01/12/2017
Rushing River LLC	since 01/12/2017

LLC = limited liability company

Source: GAO analysis of Centers for Medicare & Medicaid Services Care Compare website. | GAO-23-104813

The nursing home ownership information presented on Care Compare does not align with the characteristics of effective transparency tools. For example, Care Compare does not allow consumers to easily identify relationships, such as common ownership, and patterns related to quality across nursing homes under common ownership. Therefore, it is difficult for consumers to know whether a given owner is associated with nursing homes of high or low quality. In addition, Care Compare uses ownership terminology, such as “5% or greater indirect ownership interest,” that is not well defined and could be confusing for consumers. CMS has demonstrated a commitment to improving the transparency of nursing home ownership information and has an opportunity to present ownership information in a way that helps consumers make more informed care choices.

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Abbreviations

CASPER	Certification and Survey Provider Enhanced Reports
CMS	Centers for Medicare & Medicaid Services
HHS	Department of Health and Human Services
OIG	Office of Inspector General
PECOS	Provider Enrollment, Chain, and Ownership System

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January 3, 2023

The Honorable Richard E. Neal
House of Representatives

Dear Mr. Neal:

Over 15,000 nursing homes participating in the Medicare and Medicaid programs provide care to about 1.3 million elderly or disabled residents on any given day, according to the Centers for Medicare & Medicaid Services (CMS). CMS is the agency responsible for ensuring that nursing homes participating in the Medicare and Medicaid programs meet certain quality standards. We and others, such as the Department of Health and Human Services (HHS) Office of Inspector General (OIG), have previously reported on longstanding issues with nursing home quality, including issues with infection control and resident abuse, and gaps in CMS oversight.¹

A number of research studies have shown that the quality of care provided by a nursing home can be related to its ownership characteristics. One such characteristic is when a nursing home is a for-profit business, as opposed to a nonprofit organization.² Several research studies have found that for-profit nursing homes had lower scores on quality ratings and other metrics, as well as lower staffing levels, which in

¹See GAO, *COVID-19 in Nursing Homes: CMS Needs to Continue to Strengthen Oversight of Infection Prevention and Control*, [GAO-22-105133](#) (Washington, D.C.: Sept. 14, 2022); GAO, *Infection Control Deficiencies Were Widespread and Persistent in Nursing Homes Prior to COVID-19 Pandemic*, [GAO-20-576R](#) (Washington, D.C.: May 20, 2020); GAO, *Nursing Homes: Improved Oversight Needed to Better Protect Residents from Abuse*, [GAO-19-433](#) (Washington, D.C.: June 13, 2019); and Health and Human Services Office of Inspector General, *CMS Should Take Further Action To Address States with Poor Performance in Conducting Nursing Home Surveys*, OEI-06-19-00460 (Washington, D.C.: Jan. 2022).

²Some nursing homes are owned by government entities. According to the Medicare Payment Advisory Commission, in 2020, 71 percent of Medicare-participating nursing homes were under for-profit ownership, 24 percent were under nonprofit ownership, and 5 percent were government-owned. See Medicare Payment Advisory Commission, *March 2022 Report to the Congress: Medicare Payment Policy* (Mar. 15, 2022).

turn can be predictive of poor performance.³ Similarly, we reported in 2015 that the poorest performing nursing homes were more likely to be for-profit.⁴ Studies have also examined the quality of care provided in private equity-owned nursing homes—a type of for-profit ownership.⁵ In addition, a 2022 report from the National Academies of Sciences, Engineering, and Medicine identified ownership as one factor that can affect the quality of care in nursing homes. Specifically, the report noted that studies have generally shown that the quality of care in for-profit nursing homes has been lower than in their non-profit counterparts.⁶

Another ownership characteristic that can be associated with quality of care is when a nursing home is owned by a chain, which is two or more nursing homes under common ownership or control, as opposed to independently owned. Several research studies have shown that nursing homes with chain ownership—including for-profit chain ownership—had lower scores on quality ratings and other metrics, as well as lower direct

³See, for example, D.C. Grabowski et al., “Effect of Nursing Home Ownership on the Quality of Post-Acute Care: An Instrumental Variables Approach,” *Journal of Health Economics*, vol. 32, no. 1 (2013) 12-21, and D.G. Stevenson et al., “Nursing Home Ownership Trends and Their Impact on Quality of Care: A Study Using Detailed Ownership Data from Texas,” *Journal of Aging and Social Policy*, vol., 25, no. 1 (2013) 30-47.

⁴See GAO, *Nursing Home Quality: CMS Should Continue to Improve Data and Oversight*, [GAO-16-33](#) (Washington, D.C.: Oct. 30, 2015). In contrast, we recently identified an association between for-profit status and shorter duration COVID-19 outbreaks. See GAO, *COVID-19 in Nursing Homes: Outbreak Duration Averaged 4 Weeks and Was Strongly Associated with Community Spread*, [GAO-23-104291](#) (Washington, D.C.: Dec. 15, 2022).

⁵For example, one study found that residents of nursing homes with private equity ownership had increased rates of emergency department use and re-hospitalization compared to other for-profit nursing homes, while another study found that private equity ownership did not lead to lower quality of care. See R.T. Braun et al., “Association of Private Equity Investment in U.S. Nursing Homes with the Quality and Cost of Care for Long-Stay Residents,” *JAMA Health Forum*, vol. 2, no. 11 (2021) and S.S. Huang and J.R. Bowlis, “Private Equity Ownership and Nursing Home Quality: an Instrumental Variables Approach,” *Health Economics Management*, vol. 19 (2019).

⁶See National Academies of Sciences, Engineering, and Medicine, *The National Imperative to Improve Nursing Home Quality: Honoring our Commitment to Residents, Families, and Staff* (Washington, D.C.: The National Academies Press, 2022).

care staffing levels, than their independently-owned counterparts.⁷ Furthermore, some decisions made by chain ownership can affect the quality of care across all nursing homes within the chain. Some studies have found that decisions that directly affect nursing home quality—such as those related to staffing or quality improvement—can be made at the corporate level and potentially affect some or all nursing homes within the chain.⁸

Public attention on the association between ownership characteristics and the quality of care provided in nursing homes has increased in recent years, particularly in light of media reports about poor quality of care during the COVID-19 pandemic in nursing homes owned by regional and national nursing home chains.⁹ In addition, we and others—including researchers and consumer advocates—have identified limitations in the transparency and accuracy of the nursing home ownership information that CMS collects as part of its oversight of nursing homes that participate

⁷See, for example, D.C. Grabowski, et al., “Low-Quality Nursing Homes Were More Likely Than Other Nursing Homes To Be Bought or Sold By Chains In 1993-2010,” *Health Affairs*, vol. 35, no. 5 (2016) 907-914 and K. You, et al., “Do Nursing Home Chain Size and Proprietary Status Affect Experiences with Care?” *Medical Care*, vol. 54, no. 3 (2016) 229-234. In contrast, fewer studies found that chain affiliation was associated with providing higher quality care.

⁸See E.O. Siegel et al., “Quality Improvement in Nursing Homes: Alignment Among Leaders Across the Organizational Chart,” *The Gerontologist*, vol. 58, no. 4 (Apr. 2017) 281-290, and J. Banaszak-Holl et al., “The Impact of Chain Standardization on Nursing Home Staffing,” *Medical Care*, vol. 56, no.12 (Dec. 2018) 994-1000.

⁹See L. Stein et al., “Midwestern Nursing Home Chain Stood Out for Nationally High Death Rate as Pandemic Peaked,” *USA Today*, (Mar. 11, 2022); R. Tan and R. Chason, “An Investment Firm Snapped Up Nursing Homes During the Pandemic. Employees Say Care Suffered.” *The Washington Post* (Dec. 21, 2020.); D. Cenziper et al., “Profit and Pain: How California’s Largest Nursing Home Chain Amassed Millions as Scrutiny Mounted,” *The Washington Post* (Dec. 31, 2020); and House Ways and Means Committee, Subcommittee on Oversight, “Oversight Subcommittee Hearing on Examining Private Equity’s Role in the U.S. Health Care System (Mar. 25, 2021), <https://waysandmeans.house.gov/legislation/hearings/oversight-subcommittee-hearing-examining-private-equity-s-expanded-role-us>.

in Medicare and Medicaid.¹⁰ CMS reports a variety of information on Care Compare, including information on the nursing home's ownership and quality ratings. Care Compare is a web-based tool for consumers—including potential and current residents, their families, and their advocates—to compare nursing homes based on their quality of care and other factors. The website is intended to help them, for example, decide which home will best meet their needs.¹¹

You asked us to report on how CMS uses the information it collects on nursing home ownership and the steps it takes to ensure the accuracy of this information. This report

- 1) describes how CMS assesses the accuracy of nursing home ownership information it collects,
- 2) describes how CMS uses nursing home ownership information for quality oversight, and
- 3) examines the transparency of nursing home ownership information for consumers on Care Compare.

To describe CMS's assessment of the accuracy of nursing home ownership information it collects, we reviewed CMS documentation, such as the agency's program integrity manual. We also interviewed CMS central and regional office officials.¹² Specifically, we selected four states—California, Kansas, Mississippi, and New Jersey—and interviewed officials from regional offices covering those states. We selected these states to achieve variation in their geographic region, the number of nursing home beds in the state, and the share of nursing homes in the state with for-profit ownership. For each selected state, we also interviewed the relevant 1) Medicare Administrative Contractors, who

¹⁰For examples of limitations in the transparency and accuracy of nursing home ownership information, see National Academies of Sciences, Engineering, and Medicine, *The National Imperative to Improve Nursing Home Quality: Honoring our Commitment to Residents, Families, and Staff* (Washington, D.C.: The National Academies Press, 2022); GAO, *Nursing Homes: Complexity of Private Investment Purchases Demonstrates Need for CMS to Improve the Usability and Completeness of Ownership Data*, [GAO-10-710](#) (Washington, D.C.: Sept. 30, 2010); and M.S. Adelberg, A.T. Dobosenski, and E.M. Prendergast, *The Need for Data Transparency in Skilled Nursing Facilities: Research Analysis, and Recommendations*, Faegre Drinker Consulting (Feb. 2022).

¹¹Care Compare also provides information for other care provider types, such as hospitals. See Centers for Medicare & Medicaid Services (CMS), "Care Compare," accessed September 14, 2022, <https://www.medicare.gov/care-compare/>.

¹²In 2020, CMS renamed its regional offices "CMS Locations."

are responsible for administrative tasks related to the enrollment of Medicare providers, including nursing homes; and 2) state licensure officials.¹³

Lastly, we interviewed eight researchers and representatives from 11 stakeholder groups about their perspectives on the accuracy of ownership information, among other things. These groups included five consumer advocacy groups and six groups representing long-term care providers, including nursing homes. We selected these researchers and stakeholder groups based on their involvement in or knowledge of nursing home ownership characteristics, or their work advocating for nursing home residents and their families. The views of those researchers and stakeholder groups we selected are not generalizable to all such groups; other researchers and stakeholders could have provided different perspectives from those we interviewed. We use the term accuracy to refer to the extent to which recorded data reflect the actual underlying information, as well as the extent to which relevant data records and fields are present and sufficiently populated, otherwise known as completeness.

To describe CMS's use of nursing home ownership information for quality oversight, in addition to interviewing agency officials, we reviewed applicable statutes—such as the Patient Protection and Affordable Care Act. We also reviewed federal regulations related to nursing home quality standards and CMS documentation, including CMS's state operations manual.¹⁴

To examine the transparency of nursing home ownership information for consumers on Care Compare, we determined whether the presentation of ownership information aligned with the characteristics of effective transparency tools for consumers. Transparency tools such as Care Compare are websites with health care cost or quality information comparing different providers of health care services. We identified a set of six characteristics from our 2014 report on transparency tools that were

¹³State licensure officials use ownership information submitted by nursing homes within the state to approve or deny a license to operate.

¹⁴See Pub. L. No. 111-148, §§ 6101-6103, 124 Stat. 119, 699-711 (2010) and 42 C.F.R. Part 483, Subpart B (2021). The state operations manual describes CMS and state agency responsibilities in ensuring that health care entities, including nursing homes, meet federal quality standards. The Social Security Act and its implementing regulations use the terms "skilled nursing facility" (Medicare) and "nursing facility" (Medicaid). For the purposes of this report, we use the term nursing home to refer to both skilled nursing facilities and nursing facilities.

most relevant to nursing home ownership and the quality of care.¹⁵ For more information on these characteristics and the methodology for our Care Compare assessment, see appendix I.

We assessed the reliability of the ownership information on Care Compare to ensure that it was sufficiently reliable for the purposes of our Care Compare assessment. To do so, we examined relevant documentation, interviewed knowledgeable agency officials, and conducted simple data checks. We determined that this information was sufficiently reliable for the purpose of our assessment of the transparency of ownership information on Care Compare. For this objective, we also asked the five consumer advocacy groups we spoke with about their perspectives on the transparency of nursing home ownership information for consumers on Care Compare.

To provide context for all three objectives, we reviewed literature published from 2010 through 2021 on the relationship between the ownership of nursing homes—including their profit status and chain ownership—and the quality of care and staffing levels that they provide.¹⁶ Also as part of our work for all three objectives, we examined CMS efforts to assess the accuracy of nursing home information, the agency's use of such information for quality oversight, and the transparency of such information for consumers on Care Compare in the context of federal internal control standards.¹⁷ We determined that the control activities, information and communication, and monitoring components were significant to our objectives, as well as the underlying principles that management should design control activities, including the information system and related control activities, to achieve objectives and respond to risks; use quality information, internally communicate, and externally communicate the necessary quality information to achieve the agency's objectives; and establish and operate monitoring activities to monitor the internal control system and evaluate the results.

¹⁵See GAO, *Health Care Transparency: Actions Needed to Improve Cost and Quality Information for Consumers*, [GAO-15-11](#) (Washington, D.C.: Oct. 20, 2014). Of the 16 characteristics of effective transparency tools identified in this report, we determined that six were applicable to our assessment of ownership information.

¹⁶We identified a total of 38 studies from the United States relevant to our findings. These studies included those in the peer-reviewed literature as well as working papers located in bibliographic health and medical databases, such as Embase®, Medline, and Scopus.

¹⁷See GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

We conducted this performance audit from February 2021 to December 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Enrollment and Quality Oversight of Nursing Homes

Nursing homes are required to enroll in the Medicare and Medicaid programs in order to be paid for care provided to beneficiaries in these programs.¹⁸ After nursing homes complete the enrollment process, they are subject to a survey and certification process by CMS in coordination with states. As part of the enrollment and quality oversight processes, CMS collects information on the ownership of nursing homes.

Enrollment Process

To enroll in the Medicare program, a nursing home is required to submit an enrollment application, which includes ownership information, for review by CMS.¹⁹ A nursing home must submit this application upon initial enrollment and every 5 years thereafter for enrollment revalidation. In addition, if a nursing home undergoes a change of ownership—for example, when a nursing home has been purchased or leased by another organization or chain—the current and prospective new nursing home

¹⁸42 C.F.R. §§ 424.505, 455.410 (2021). The majority of Medicare-participating nursing homes (more than 90 percent) also provide long-term care services to Medicaid and private pay residents. A nursing home's staff provides services generally to all residents of a facility regardless of whether the residents are beneficiaries of Medicare or Medicaid, or are private pay residents.

¹⁹See 42 C.F.R. § 424.510(d) (2021). Medicare contractors are to conduct the initial application review and coordinate with the respective state officials and CMS to finalize the application decision. States are responsible for the Medicaid enrollment and related state health care facility licensure processes. The steps involved in these processes are similar to the ones described here for the Medicare program.

owners are required to submit enrollment applications for CMS review.²⁰ Nursing homes are required to update their ownership information with CMS within 30 days of any ownership changes, even if the change is an addition or subtraction of an owner or manager.²¹

Nursing homes are required to report ownership information on their Medicare enrollment application. This information includes the following:

- all owners—any individual or organization with 5 percent or greater direct or indirect ownership of, partnership interest in, or managing control of the nursing home, including the percentage share of interest.²²
- identifying information, such as their legal business name, state licensure information, profit status, and chain ownership.²³
- any adverse legal action taken against these entities.

CMS stores ownership information reported on enrollment applications in a national database called the Provider Enrollment, Chain, and Ownership System (PECOS).²⁴ Nursing homes are required to attest to the accuracy of the information that they report through CMS's enrollment process.

CMS uses contractors to handle administrative tasks related to enrollment, including the collection of enrollment applications. Contractors also help CMS officials determine whether to approve a nursing home's

²⁰A change of ownership generally includes 1) in the case of a partnership, the removal, addition, or substitution of a partner, unless the partners expressly agree otherwise; 2) transfer of title and property to another party; 3) a merger of the provider corporation into another corporation, or the consolidation of two or more corporations, resulting in the creation of a new corporation; or 4) a lease of all or part of a provider facility. See 42 C.F.R. § 489.18(a) (2021).

²¹See 42 C.F.R. § 424.516(e)(1) (2021).

²²Managing control is exercising operational or managerial control over, or conducting the day-to-day operations of the nursing home, according to the Medicare provider enrollment application. All general partnerships must be reported, regardless of the percentage interest, but limited partnership interests must be disclosed at 10 percent or greater. Officers and directors must also be reported if the nursing home is organized as a corporation.

²³To report chain ownership, nursing homes are asked to identify their "chain home office"—the entity responsible for providing centralized management and administrative services to homes under common ownership and control.

²⁴PECOS is the national enrollment system CMS uses to house all provider enrollment information—including ownership information—captured through the enrollment process.

Medicare enrollment application. In doing so, CMS contractors are responsible for checking ownership information and names submitted by nursing homes against other sources of information to identify any factors that would disqualify them from Medicare enrollment. For example, upon initial enrollment and on an ongoing basis thereafter, contractors are responsible for screening information submitted by the nursing home against data sources for various purposes, as noted below.

- To verify identities of named owners, when individual owners are identified, CMS contractors screen names against Social Security Administration records.
- To verify that nursing home owners have not been convicted of a felony within the previous 10 years, CMS contractors run a criminal activity screening on all reported owners and managing employees of a nursing home.
- To determine whether owners (organizations or individuals) have been excluded from federally funded health care programs such as Medicare and Medicaid, CMS contractors screen owners against the HHS OIG Exclusions List.²⁵
- To determine whether owners (organizations or individuals) have been excluded from receiving federal contracts, CMS contractors screen owners against the General Services Administration System for Awards Management list of excluded parties.²⁶

Quality Oversight Process

Federal law requires all nursing homes that participate in Medicare and Medicaid to undergo regular assessments of compliance with federal quality standards designed to ensure the health and safety of nursing home residents.²⁷ Ongoing quality oversight is a shared federal-state responsibility. Under agreements with CMS, a survey agency in each state is responsible for conducting a comprehensive standard on-site

²⁵The HHS OIG List of Excluded Individuals/Entities provides information on individuals and entities excluded from participation in Medicare, Medicaid, and all other federal health care programs for reasons such as health care fraud.

²⁶The System for Awards Management provides information on individuals and entities that are ineligible to receive federal contracts for reasons such as being under sanctions from the Department of Treasury or the Department of State.

²⁷See 42 U.S.C. §§ 1395i-3(f)(1), 1396r(f)(1); 42 C.F.R. Part 483, Subpart B (2021).

survey of each nursing home at least every 15 months to determine whether nursing homes meet federal quality standards.²⁸

In addition to standard surveys conducted by state survey agencies, CMS regional offices are required to conduct federal monitoring surveys in at least 5 percent of each state's nursing homes that are surveyed by the state each year so that CMS can assess the adequacy of surveys conducted by state survey agencies.²⁹ Furthermore, state survey agencies conduct additional investigations as needed. These investigations generally focus on a specific allegation or complaint regarding resident care or safety made by residents, families, ombudsmen, or others. If a surveyor from a state survey agency determines during a survey or investigation that a nursing home violated a federal quality standard, a nursing home is cited for a deficiency. CMS uses enforcement actions, as appropriate, to compel nursing homes to address issues of non-compliance.³⁰

State surveyors collect some nursing home ownership information when conducting standard surveys, including information on the home's profit status, whether the facility is part of a chain, and, if applicable, the name of the chain. CMS stores this information along with other information from the quality oversight process in the Certification and Survey Provider Enhanced Reports (CASPER) system.

Initiative to Improve Safety and Quality of Nursing Homes

CMS is undertaking an initiative to improve the safety and quality of nursing homes, which includes several changes to the nursing home enrollment and quality oversight processes related to ownership. This

²⁸Beginning in March 2020, CMS required state survey agencies to conduct focused infection control surveys, a new type of survey in response to the COVID-19 pandemic with a narrower scope than a standard survey. Beginning in November 2021, CMS required state survey agencies to conduct focused infection control surveys for 20 percent of nursing homes in their state annually, prioritizing those facilities that report new COVID-19 cases and low vaccination rates.

²⁹42 U.S.C. §§ 1395i-3(g)(3)(B), 1396r(g)(3)(B).

³⁰Enforcement actions may be, but are not required to be, imposed for any deficiencies. However, nursing homes with deficiencies are generally required to submit and implement a plan of correction to correct the noncompliance regardless of whether CMS imposes enforcement actions. 42 C.F.R. § 488.402(d) (2021). Enforcement actions include, but are not limited to, directed in-service training, fines known as civil money penalties, denial of payment, and termination from the Medicare and Medicaid programs. See 42 C.F.R. § 488.406 (2021).

initiative was first announced by the Administration in February 2022.³¹ One goal of this initiative is to increase the transparency of nursing home ownership information for consumers and researchers. The initiative is designed to accomplish this goal, in part, by creating a database that tracks performance of nursing homes by chain or otherwise under common ownership, such as two or more facilities with a common individual owner. In September, 2022, CMS released new, publicly available data files with nursing home ownership information.³² For example, one of the data files identifies common organizational owners across nursing homes. Another data file provides more detailed information on all nursing home owners, for which CMS provided a link on Care Compare. CMS officials stated that these data files are intended primarily for researchers and state and federal officials, and can be used in conjunction with other CMS data sources to, for example, examine the performance of nursing homes with common ownership.

In addition, through this new initiative, the Administration requested new legislative authority for CMS to increase accountability for chain owners of nursing homes. For example, this new initiative sought to allow CMS to (1) impose enforcement actions on owners and operators of nursing homes even after they close a facility, and on those that provide persistent substandard or noncompliant care in some of their commonly-owned facilities; and (2) deny Medicare enrollment to an individual or entity based on the Medicare compliance history of their other commonly-owned or operated nursing homes.³³ Shortly after this initiative was announced, the National Academies of Sciences, Engineering, and Medicine issued a study on improving nursing home quality and made

³¹See White House, “Fact Sheet: Protecting Seniors by Improving Safety and Quality of Care in the Nation’s Nursing Homes” (Washington, D.C.: Feb. 28, 2022), accessed Sept. 19, 2022.

³²See, for example, <https://data.cms.gov/provider-characteristics/hospitals-and-other-facilities/skilled-nursing-facility-enrollments>, accessed Sept. 27, 2022. Similarly, in April 2022, CMS released a new, publicly available dataset with information on changes in ownership for nursing homes, as well as hospitals. See <https://data.cms.gov/provider-characteristics/hospitals-and-other-facilities/skilled-nursing-facility-change-of-ownership>, accessed Oct. 3, 2022.

³³As of August 2022, CMS officials reported having the authority to impose enforcement actions or make enrollment determinations based on individual nursing home facilities. However, officials said that CMS did not have the authority to do so based on common ownership, except for under rare circumstances.

several recommendations related to nursing home ownership and quality oversight.³⁴ For example, the study recommended the following:

- enhanced collection, auditing, and transparency of information on finances, operations, and ownership of all nursing homes;
- tracking and evaluating the quality of care across facilities under common ownership and management; and
- strengthened oversight and enforcement across facilities with a common owner.

The study also recommended use of enforcement mechanisms against owners with patterns of poor performance, such as by imposing sanctions or excluding such owners from participation in the Medicare and Medicaid programs, among other things.

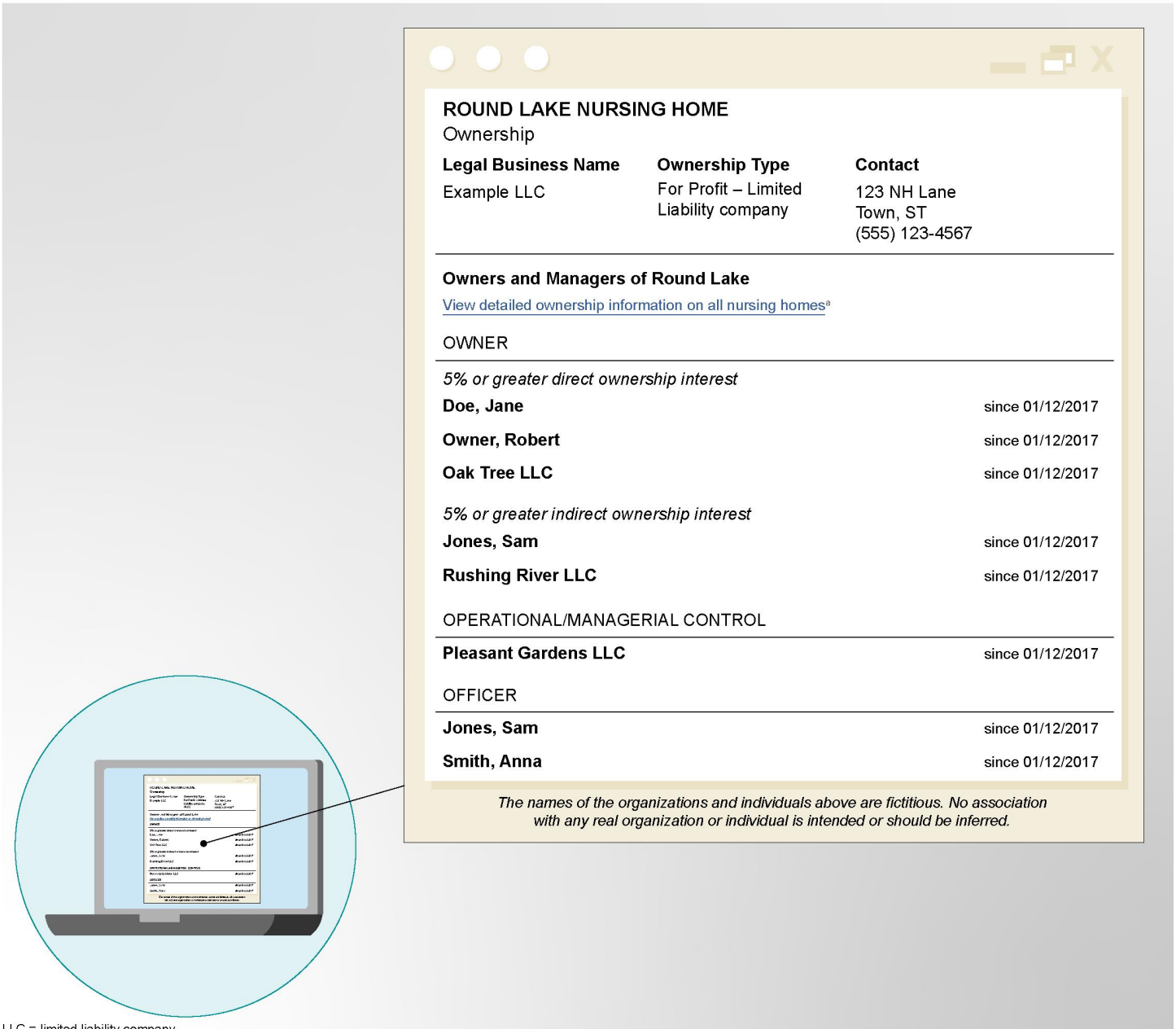
Care Compare

Care Compare is a web-based tool operated by CMS that provides information that patients and caregivers can use to make informed selections of health care providers—including nursing homes. To assist with these selections, Care Compare includes a five-star rating of each nursing home's performance in three categories—health inspections, quality measures, and staffing—as well as an overall rating. Care Compare also includes nursing home ownership information for consumers, including profit status and the names of individual and organizational owners and managers.³⁵ (See fig. 1.)

³⁴See National Academies of Sciences, Engineering, and Medicine, *The National Imperative to Improve Nursing Home Quality: Honoring our Commitment to Residents, Families, and Staff* (Washington, D.C.: The National Academies Press, 2022).

³⁵The Patient Protection and Affordable Care Act requires HHS to make nursing home ownership information publicly available. Pub. L. No. 111-148, § 6101(b), 124 Stat. at 702 (2010).

Figure 1: Illustrative Example of Nursing Home Ownership Information Presented on Care Compare



ROUND LAKE NURSING HOME

Ownership

Legal Business Name	Ownership Type	Contact
Example LLC	For Profit – Limited Liability company	123 NH Lane Town, ST (555) 123-4567

Owners and Managers of Round Lake

[View detailed ownership information on all nursing homes^a](#)

OWNER

5% or greater direct ownership interest

Doe, Jane	since 01/12/2017
Owner, Robert	since 01/12/2017
Oak Tree LLC	since 01/12/2017

5% or greater indirect ownership interest

Jones, Sam	since 01/12/2017
Rushing River LLC	since 01/12/2017

OPERATIONAL/MANAGERIAL CONTROL

Pleasant Gardens LLC	since 01/12/2017
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OFFICER

Jones, Sam	since 01/12/2017
Smith, Anna	since 01/12/2017

The names of the organizations and individuals above are fictitious. No association with any real organization or individual is intended or should be inferred.

LLC = limited liability company

Source: GAO analysis of Centers for Medicare & Medicaid Services Care Compare website. | GAO-23-104813

^aThe detailed ownership information is linked through a data file that contains, for example, individual owner names, roles, and percentage ownership.

CMS Has Begun Comparing Nursing Home Ownership Information to State Sources to Assess Accuracy

CMS began an effort in September 2021 to assess the accuracy of ownership information for nursing homes and other providers enrolled in the Medicare program to address agency concerns about its accuracy. CMS officials said the agency awarded a one-year contract to assess the accuracy of nursing home ownership information, such as individual and organizational owner names, submitted through the enrollment process.³⁶ In August 2022, CMS officials told us that the agency's contractor for this effort was comparing ownership information reported to CMS against information provided by each state's Secretary of State and were referring discrepancies to CMS.³⁷ CMS was then giving the nursing homes the opportunity to address the discrepancies and update their information, or would move to administrative action—such as a revocation of enrollment—when appropriate. CMS officials stated that there is variability across states in the availability of ownership information to use as the basis for this comparison. Officials also stated that there is no single authoritative source of ownership information that could be used for comparison.³⁸ CMS initially prioritized certain nursing homes for early review, including those where CMS had identified inconsistencies in ownership information, or where the nursing home had experienced recent ownership changes or was newly enrolled in the Medicare program.³⁹

As of August 2022, this effort was ongoing, and CMS officials shared plans to extend it into future years. According to CMS officials, the

³⁶According to CMS officials, this effort does not involve assessing the accuracy of the name of a nursing home's chain home office.

³⁷Nursing homes submit some ownership information to states—including to the Secretary of State—to become licensed in a given state.

³⁸Because there is no single authoritative source, it is possible for some inaccuracies to go undetected by this effort even when CMS's ownership information is consistent with state sources. For example, an inaccuracy could go undetected if an organizational owner of a nursing home were missing from both sources.

³⁹CMS identified nursing homes with inconsistent ownership information such as, for example, those owned by a specific organization but whose ownership information did not match.

contractor had reviewed nursing home information for approximately 12,000 nursing homes as of August 2022 and planned to review all of the over 15,000 nursing homes. However, as of August 2022, it was unclear how effective this effort would be at identifying and resolving inaccuracies. The initial year of the contract ended in September 2022, and CMS officials told us that the agency renewed the contract as part of its ongoing efforts to assess the accuracy of ownership information.⁴⁰

CMS takes some additional actions to assess the accuracy of nursing home ownership information collected through the enrollment process. According to CMS officials, Medicare Administrative Contractors are required to validate the identities of all individuals listed on enrollment applications—including owners—against Social Security Administration records.⁴¹ CMS contractors may take other actions to assess the accuracy of ownership information provided through the enrollment process. For example:

- Representatives from one contractor in our selected states stated that they may request legal documents to supplement the enrollment application, such as articles of incorporation. They said they may use these documents to verify submitted ownership information, but that this verification is not required by CMS policy documents. CMS officials noted that the agency had previously required this action. However, they said that CMS removed this requirement because contractors lacked the necessary expertise to review articles of incorporation and it could be burdensome for them to do so.
- Representatives from contractors in our selected states noted that they have, on occasion, verified ownership information using organizational charts that reflect ownership structures. Nursing homes are required to submit organizational charts as part of the enrollment process. CMS issued guidance that requires

⁴⁰CMS has the option to renew the contract annually for up to four additional years.

⁴¹CMS uses Medicare Administrative Contractors to handle administrative tasks related to enrollment, including the collection and verification of enrollment applications and associated information submitted by providers. These contractors are not required to verify the tax identification numbers of organizational owners reported by nursing homes, according to CMS officials.

contractors to conduct this type of verification beginning in December 2022.⁴²

CMS officials said their assessment efforts do not include the limited ownership information collected through the quality oversight process.

CMS officials acknowledged shortcomings with the accuracy of chain ownership information that the agency collects, and plans to mitigate those shortcomings. One shortcoming they identified with chain ownership information collected through both the enrollment and quality oversight processes results from inconsistent reporting by nursing homes. For example, they said that when nursing homes in the same chain report this information as part of the enrollment process, some nursing homes may report being part of the chain and others may not. Similarly, when nursing homes under common chain ownership report the name of their chain as part of the quality oversight process, the name each nursing home reports may not be identical, which makes it difficult to link nursing homes in the same chain. They also noted that, in general, identifying whether a nursing home is owned by a chain can be challenging given the complexity of ownership structures. In addition, CMS officials said that they do not cross check the two sources of chain ownership information against each other and noted that they would expect discrepancies given that the two sources are defined and collected in different ways and for different purposes.⁴³

CMS officials said they had plans for a redesign of PECOS—the system CMS uses to capture nursing home ownership information for nursing homes and other Medicare providers collected through the enrollment process. They said that this will help mitigate the inconsistencies in ownership information across nursing homes, such as those with

⁴²CMS guidance allows for levying penalties or taking administrative action against Medicare-participating nursing homes that report inaccurate or incomplete information on Medicare applications and enrollment revalidation forms.

⁴³For example, chain ownership is defined differently across the two sources. Through the enrollment process, chain ownership is defined through the chain home office field as the entity responsible for providing centralized management and administrative services to homes under common ownership and control. In contrast, through the quality oversight process, chain ownership is defined through the multi-facility organization field as an organization—individual or corporation—that owns two or more long term care facilities. This includes the leasing of facilities by corporate chains.

common ownership.⁴⁴ CMS has also analyzed PECOS and other available data sources (for example, public websites) to identify common ownership of nursing homes and has made that information publicly available.⁴⁵

CMS Uses Ownership Information Occasionally for Quality Oversight

CMS officials told us they use ownership information occasionally for quality oversight of nursing homes. According to CMS officials, CMS's oversight is focused on ensuring that individual nursing homes comply with quality standards. This oversight is mainly carried out through surveys of individual nursing homes done roughly once each year. CMS officials also noted that the agency has the authority to impose enforcement actions on individual nursing homes that are non-compliant with federal quality standards. However, they said that the agency is generally not authorized to take action against, for example, all nursing homes in a chain based on the actions or performance of some of the individual nursing homes. CMS officials stated that they have, on occasion, used ownership information to identify patterns of poor performance across nursing homes within a chain, and subsequently contacted owners to discuss these issues.

- For example, CMS regional office officials told us that, in 2020, they noticed that multiple homes within a regional nursing home chain had higher than expected use of antipsychotic medications, which have been associated with higher rates of death for older adults with dementia.⁴⁶ Officials said that they then met with representatives of the chain's ownership to discuss these findings

⁴⁴CMS officials also told us that, when PECOS is redesigned, it will capture ownership information at an organization-level (e.g., entities under the same tax identification number that may own several nursing homes) rather than solely at a nursing home (enrollment) level. CMS officials expect this redesign of PECOS to be completed in the spring of 2023.

⁴⁵CMS identified nursing homes in the 10 largest chains based on the results of these analyses and reports this information through the agency's Quality, Certification and Oversight Reports. Using the same methodology, CMS also identified nursing homes with common organizational owners and, as noted above, released a new dataset in September 2022 with this information.

⁴⁶Through its National Partnership to Improve Dementia Care in Nursing Homes, CMS has encouraged nursing homes to minimize the use of antipsychotic medications. The share of residents on antipsychotic medications is one of many quality metrics used by CMS to measure nursing home quality.

and emphasized the importance of reducing the rate of antipsychotic use. CMS regional office officials stated that, following this meeting, the chain owners set and met a goal to decrease the antipsychotic medication usage rate. CMS officials also told us that if they learn of performance problems across a nursing home chain, they could use that information to inform federal monitoring surveys, though the capacity for such surveys is limited.

- In addition, when a nursing home notifies CMS of a change in ownership, as required, CMS contractors alert state survey agencies of the change. If the change is significant in nature and raises questions about the home's compliance with quality standards, the state survey agency may conduct a special, unannounced survey. For example, according to CMS officials, the state survey agency may conduct a special investigation if a nursing home is acquired by a new owner and there is reason to believe that quality of care has deteriorated subsequent to the change of ownership.

Ownership Information on Care Compare Is Not Sufficiently Transparent for Consumers

We found that nursing home ownership information on the Care Compare website is not sufficiently transparent for consumers because it uses terminology that consumers may not understand and does not allow consumers to identify relationships and patterns across nursing homes, among other limitations. In our prior work, we identified characteristics of effective transparency tools. Six of these characteristics are relevant for the presentation of nursing home ownership information on Care Compare. Specifically, the characteristics call for such information to

- 1) be timely;
- 2) be written in plain language with clear graphics;
- 3) be organized in a way that highlights patterns;
- 4) enable easy use and navigation of the tool;
- 5) explain the purpose and value of the information; and

6) describe key strengths and limitations of the information.⁴⁷

Ensuring that Care Compare's ownership information aligns with these characteristics would be consistent with CMS's goal for presenting this information on Care Compare. CMS officials said the goal is to promote transparency for consumers so that they can make informed health care choices. Representatives from all five consumer groups we spoke with told us that information on nursing home ownership can be important for consumers at the point of nursing home selection or after they or their family members are residents.

We found that the nursing home ownership information on Care Compare is timely, but does not fully align with the other five characteristics. With regard to timeliness, CMS told us that ownership information on Care Compare is updated on a monthly basis, which is helpful as recent data is the most relevant for consumers. However, we found that the information on Care Compare did not fully align with the other five applicable characteristics, as described below.

Uses plain language with clear graphics. For consumers to make sense of the information presented, they need to understand the terminology used. However, Care Compare uses ownership terminology that is not well defined and therefore could be confusing for consumers. For example, Care Compare lists individuals and entities with "5 percent or greater indirect ownership interest" as well as individuals or organizations with "operational/managerial control" of a nursing home, as applicable. However, Care Compare does not define these terms when they are used. (See fig. 2.) Stakeholders from consumer groups we spoke with told us Care Compare ownership information may not be understandable for consumers as currently presented, and it would be helpful if terminology were defined or written in clear, plain language. For example, CMS's enrollment application form for providers explains the term "indirect ownership interest," which appears on Care Compare's ownership information. The enrollment form notes that organizations that directly own nursing homes can be, in turn, owned or partly owned by other organizations. The form also provides illustrative examples of direct

⁴⁷These characteristics were identified in our 2014 report based on a literature review and interviews with researchers. Not all of the original characteristics were relevant to ownership information; for example, some referred exclusively to other types of information, such as cost information, which is not within the scope of the ownership information that can be provided on Care Compare. See appendix I for additional information on our Care Compare assessment. For our 2014 report, see [GAO-15-11](#).

Letter

and indirect ownership arrangements that could be helpful to provide consumers.

Figure 2: Illustrative Examples of Misalignment between Ownership Information on Care Compare and Characteristics of Effective Transparency Tools

1 Not always written in plain language

Ownership information provided is not always written in plain language. Terminology that consumers may be unfamiliar with is used, such as “direct ownership interest,” and no explanations or definitions are provided.

2 Does not organize information to highlight patterns

Ownership information provided does not allow consumers to identify relationships and patterns, such as facilities under common ownership.

ROUND LAKE NURSING HOME

Ownership

Legal Business Name	Ownership Type	Contact
Example LLC	For Profit – Limited Liability company	123 NH Lane Town, ST (555) 123-4567

Owners and Managers of Round Lake

[View detailed ownership information on all nursing homes^a](#)

OWNER

5% or greater direct ownership interest	
Doe, Jane	since 01/12/2017
Owner, Robert	since 01/12/2017
Oak Tree LLC	since 01/12/2017
5% or greater indirect ownership interest	
Jones, Sam	since 01/12/2017
Rushing River LLC	since 01/12/2017
OPERATIONAL/MANAGERIAL CONTROL	
Pleasant Gardens LLC	since 01/12/2017
OFFICER	
Jones, Sam	since 01/12/2017
Smith, Anna	since 01/12/2017

The names of the organizations and individuals above are fictitious. No association with any real organization or individual is intended or should be inferred.

LLC = limited liability company

Source: GAO analysis of Centers for Medicare & Medicaid Services Care Compare website. | GAO-23-104813

^aThe detailed ownership information is linked through a data file that contains, for example, individual owner names, roles, and percentage ownership.

Organizes information to highlight patterns. Structuring the presentation of information in ways that make patterns evident can help consumers make sense of large amounts of information. However, the presentation of ownership information on Care Compare does not allow consumers to easily identify relationships and patterns related to quality across nursing homes under common ownership. For example, while owner names are listed, there is no way to easily identify what other nursing homes might have the same owner or to allow the consumer to examine quality or other patterns at nursing homes under common ownership. (See fig. 2.) In contrast with Care Compare, some state websites, such as the Illinois Department of Public Health website, have demonstrated the feasibility of presenting such information by providing users with access to a hyperlinked list of facilities under common ownership.⁴⁸ In September, 2022, CMS made information on common organizational owners of nursing homes publicly available, but has not incorporated it into Care Compare.⁴⁹

Providing consumers with easy access within Care Compare to a user-friendly list of all nursing homes under common ownership, along with information on their quality ratings, would allow consumers to observe patterns in quality across facilities with common ownership.⁵⁰ For example, as shown in figure 3, the list of nursing homes under common ownership could be presented in order of their star ratings and could include the star rating for each nursing home along with the distribution of star ratings across these nursing homes. Information on the distribution of

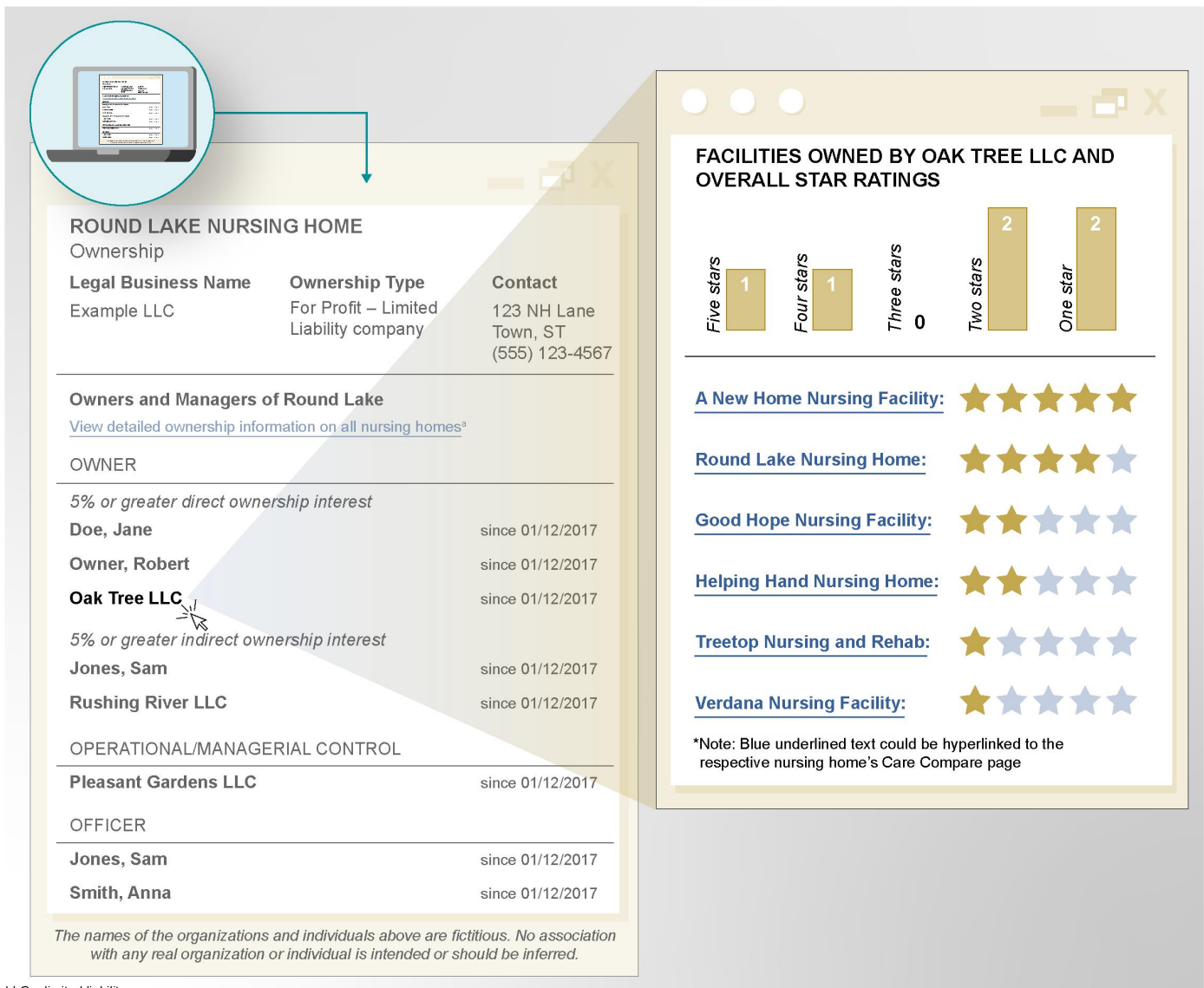
⁴⁸See Illinois Department of Public Health, "Nursing Homes in Illinois," <https://ltc.dph.illinois.gov/webapp/LTCApp/ltc.jsp>, accessed Sept. 19, 2022. While this state website provides information on facilities under common ownership, quality ratings are not provided.

⁴⁹Specifically, CMS released a data file that identifies common organizational ownership, as applicable, for all nursing homes. This data file is primarily intended for use by researchers and government officials. CMS also added a hyperlink in the nursing home ownership information section of Care Compare to a data file that contains more information on individual owners of nursing homes, including names, roles, and percentage ownership. However, this information hyperlinked on Care Compare is not organized in a way that will help consumers easily identify patterns, in part, because it does not identify common organizational ownership.

⁵⁰In a 2022 report, the National Academies of Sciences, Engineering, and Medicine made a similar recommendation that HHS should ensure that publicly available data allow the assessment of staffing patterns, deficiencies, financial arrangements and payments, related party entities, corporate structures, and objective quality indicators by common owner (i.e., chain and multi-facility owners) and management company. See National Academies of Sciences, Engineering, and Medicine, *The National Imperative to Improve Nursing Home Quality: Honoring our Commitment to Residents, Families, and Staff* (Washington, D.C.: The National Academies Press, 2022).

star ratings could include, for example, the number of nursing homes with 5 stars, 4 stars, and so on. Representatives from all five consumer groups we spoke with noted that if Care Compare were to provide links to facilities under common ownership alongside quality ratings, consumers could observe patterns in an owner's performance across nursing homes.

Figure 3: Illustrative Example of Presenting Quality Patterns for Nursing Homes under Common Ownership on Care Compare



LLC = limited liability company

Source: GAO analysis of Centers for Medicare & Medicaid Services Care Compare website. | GAO-23-104813

^aThe detailed ownership information is linked through a data file that contains, for example, individual owner names, roles, and percentage ownership.

Note: This example is for illustrative purposes only.

One form of common ownership is chain ownership, which was not identified on Care Compare as of September 2022. Although the list of owners may include the name of the chain among other organizational and individual owners, Care Compare does not identify the chain owner as such. However, the National Academies of Sciences, Engineering, and Medicine emphasized the importance of identifying chain ownership for consumers in its 2022 report and recommended that CMS add this information to Care Compare.⁵¹ Furthermore, representatives from all five consumer groups we spoke with told us that information on the chain ownership of nursing homes can be important to make available for consumers to use at the point of nursing home selection, or after they or their family members are residents. For example, representatives from two consumer groups noted that a consumer could become aware of news reports that a particular nursing home chain has had significant and ongoing quality of care issues, which may inform their decision-making. In addition, a representative from one consumer group told us that a nursing home's chain name can be important in case a resident or their advocates need to contact the chain to address quality concerns. According to CMS officials, Care Compare does not clearly identify a nursing home's chain ownership in part due to the agency's concerns with the accuracy of chain ownership information that they collect.

Enables easy use and navigation of the tool. For a transparency tool to be effective, consumers must be able to quickly find information of interest to them. Testing the utility of the tool with consumers can help entities providing transparency tools develop, for example, user-friendly approaches to website navigation and for manipulating how the data are presented. While CMS officials told us they obtained consumer input on Care Compare broadly, they did not obtain consumer input specific to the nursing home ownership information on Care Compare to ensure that its presentation is intuitive and user-friendly. Therefore, it is unclear whether the ownership information on Care

⁵¹See National Academies of Sciences, Engineering, and Medicine, *The National Imperative to Improve Nursing Home Quality: Honoring our Commitment to Residents, Families, and Staff* (Washington, D.C.: The National Academies Press, 2022).

Compare fully meets this criterion, as it has not been tested. However, CMS announced in September 2022 that the agency would work with consumers to obtain feedback on how best to present provider ownership information in a user-friendly way to support their health care decisions.

Explains the purpose and value of ownership information. An explanation of how consumers could factor ownership information into their decision-making process is missing from Care Compare. In contrast, another section of Care Compare provides information on how consumers should use nursing home quality ratings, including a short explanation entitled “How should I use the nursing home star ratings?”⁵²

Describes key strengths and limitations of the data. Care Compare does not provide information on methodological issues such as how the data are collected and assessed for accuracy, which could be useful as a basis to judge the credibility of the information provided. Conversely, Care Compare provides consumers with explanations of how quality star ratings are calculated, the data sources used, and the limitations of the ratings.

As noted above, CMS officials stated that their goal for presenting ownership information on Care Compare is to promote transparency for consumers to inform their health care choices. In addition, federal internal control standards state that agencies should externally communicate the necessary quality information to achieve their goals.⁵³ The Administration and CMS have expressed interest in prioritizing the transparency of nursing home ownership information and recently made additional information on nursing home ownership publicly available. They have also expressed interest in improving the readability and usability of information presented on Care Compare.⁵⁴ However, CMS has not yet structured the ownership information on Care Compare in a way that consumers can easily access, understand, and incorporate into their nursing home care decisions. Until CMS aligns the presentation of nursing home ownership information on Care Compare with the characteristics of effective

⁵²See Centers for Medicare & Medicaid Services (CMS), “Overall Star Ratings for Nursing Homes,” <https://www.medicare.gov/care-compare/resources/nursing-home/overall-star-rating>, accessed Sept. 20, 2022.

⁵³See [GAO-14-704G](#).

⁵⁴The White House, “Fact Sheet: Protecting Seniors.”

transparency tools, the agency will be missing an opportunity to help consumers make more informed nursing home care choices.

Conclusions

Several research studies have found that nursing homes with certain ownership characteristics—such as for-profit status and chain ownership—have lower scores on quality ratings and other metrics, as well as lower staffing levels. Furthermore, these characteristics can have implications for quality of care because decisions that directly affect care—such as staffing or quality improvement—can be made at an ownership level above that of the nursing home. For these reasons, it is important for consumers—nursing home residents, their families, and their advocates—to have access to understandable and usable information on nursing home ownership. However, we found that the ownership information on Care Compare is not sufficiently transparent for consumers. CMS has expressed and demonstrated a commitment to improving the transparency of nursing home ownership, and now has an opportunity to target its transparency efforts to consumers by presenting ownership information in a user-friendly manner—such as by organizing information to highlight patterns like quality across common ownership, and providing plain language descriptions of key terms—that they can use to make more informed care choices.

Recommendation for Executive Action

CMS should fully align the nursing home ownership information on the Care Compare website with the relevant characteristics of effective transparency tools. This should include, for example, the following:

- Using plain language to define key terms in the ownership section of Care Compare.
- Organizing ownership information by providing consumers easy access to a list of all facilities under common ownership, their respective star ratings, and a distribution of star ratings across nursing homes with common ownership to allow consumers to examine quality patterns across such facilities. (Recommendation 1.)

Agency Comments

We provided a draft of this report to the Secretary of Health and Human Services and the Administrator of CMS for review and comment. HHS provided written comments, which are reprinted in appendix II. HHS also provided technical comments, which we incorporated as appropriate.

HHS concurred with our recommendation to fully align the nursing home ownership information on the Care Compare website with the relevant characteristics of effective transparency tools. HHS noted that CMS is considering various options for improving the usability and transparency of nursing home ownership information. These options include using easy-to-understand language and creating an easily accessible list of nursing homes under common ownership along with their respective star ratings. HHS also stated that CMS is obtaining feedback from consumers on how to best present provider ownership information in a user-friendly way on Care Compare to support their health care decisions.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution of it until 30 days from the report date. At that time, we will send copies to the Secretary of Health and Human Services, the Administrator of CMS, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-7114 or gordonlv@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix III.

Sincerely yours,



Leslie V. Gordon
Acting Director, Health Care

Appendix I: Care Compare Assessment Details

This appendix provides additional details on our assessment of the transparency of nursing home ownership information provided through the Centers for Medicare & Medicaid Services' (CMS) Care Compare.

To examine the transparency of nursing home ownership information for consumers on Care Compare, we determined whether the presentation of ownership information aligns with the characteristics of effective transparency tools for consumers.¹ Transparency tools are websites with health cost or quality information comparing different providers of health care services; Care Compare fits this definition. Based on a literature review and interviews with researchers, our 2014 report identified 15 characteristics of effective transparency tools, which included the following:

1. Review a broad range of services so that more consumers' particular needs are included.
2. Cover a broad range of providers.
3. Describe key differences in clinical quality of care, particularly patient-reported outcomes.
4. Describe key differences in patient experiences with providers.
5. Describe key differences in costs, particularly patient out-of-pocket costs.
6. Describe other information related to quality, where appropriate.
7. Provide timely Information.
8. Use plain language with clear graphics.
9. Describe key strengths and limitations of the data.
10. Explain purpose and value of quality performance ratings to consumers.

¹Transparency is defined by Merriam-Webster as the quality of being free from pretense or deceit; easily detected; readily understood; or characterized by visibility or accessibility of information. See <https://www.merriam-webster.com/dictionary/transparency>, accessed October 13, 2022.

11. Summarize related information and organize data to highlight patterns and facilitate consumer interpretation.
12. Enable consumers to customize information selected for presentation to focus on what is most relevant to them.
13. Enable consumers to compare quality performance of multiple providers in one view.
14. Enable consumers to assess cost and quality information together.
15. Enable easy use and navigation of the tool.

For our examination of the transparency of nursing home ownership information for consumers on Care Compare, we selected the six characteristics that were most relevant to nursing home ownership information. The remaining nine characteristics were not relevant for ownership information, as, for example, some referred exclusively to other information, such as cost information, which is not within the scope of the ownership information provided on Care Compare. We adapted the six original characteristics to be specific to nursing home ownership information. These six characteristics are listed below.

1. Provide timely information.
2. Written in plain language with clear graphics.
3. Organize information to highlight patterns.
4. Enable easy use and navigation of the tool.
5. Explain the purpose and value of ownership information.
6. Describe key strengths and limitations of the information.

To conduct the analysis, we selected a sample of 16 nursing homes based on two factors: (1) inclusion in the four states in our established state selection—California, Kansas, Mississippi, and New Jersey, and (2) variation in nursing home ownership types—including both for-profit and nonprofit nursing homes.² We then assessed whether the presentation of ownership information on the Care Compare website for those 16 nursing

²To do this, we selected a zip code in each state and identified the first four nursing homes across four specific ownership types: for-profit–individual, for-profit–LLC, for-profit–corporation, and nonprofit–corporation. We selected states to achieve variation in factors including: census region; Medicare contractor jurisdiction; Medicaid expansion status; number of nursing home beds; and share of nursing homes with for-profit ownership.

homes aligned with the six characteristics of effective transparency tools in our analysis. We analyzed the 16 nursing homes separately to identify any variation in the quantity and type of ownership information presented, and then aggregated the results. Two analysts independently assessed alignment with each of the six characteristics and assigned a rating of yes, no, or limited—if the information presented did not consistently align with a yes or a no rating. The results for each characteristic were consistent across all 16 nursing homes we analyzed. See table 1 for the results of our assessment.

Table 1: Alignment of Nursing Home Ownership Information on Care Compare with Characteristics of Effective Transparency Tools

Characteristic	Characteristic description from GAO-15-11^a	GAO assessment of alignment (yes/limited/no)	GAO rationale for assessment
Provide timely information	More recent information is intrinsically more relevant than information that is several years old. Because consumer transparency tools necessarily rely on past information, some lag in collecting, analyzing, and providing information is inevitable.	Yes	Information on Care Compare is updated on a monthly basis.
Written in plain language with clear graphics	Effective consumer transparency tools use labels and descriptions that make sense to consumers who typically are unfamiliar with ownership terminology and who often have difficulty interpreting numerical information. Graphics, including symbols, can help to readily convey information on relative provider performance, especially when they are designed to display a summary assessment of that performance as part of the symbol itself; for example, one that incorporates the words “superior” or “poor.”	Limited	Some ownership terminology—for example, “ownership type,” “5 percent or greater direct ownership interest,” and “operational/managerial control”—is not defined and may be unclear to consumers. Other ownership terminology used, such as “legal business name” and “contact,” may be somewhat easier for consumers to understand.
Organizes information to highlight patterns	Two techniques that consumer tools can use to help consumers make sense of large amounts of information are (a) combining information from multiple related measures into summary or composite scores, and (b) structuring presentation of the information in ways that make patterns evident.	No	Ownership information is not organized in a way that highlights patterns because facilities under common ownership cannot be identified. As a result, users cannot, for example, click on owners or operators to learn more about the quality of nursing homes under common ownership.

Appendix I: Care Compare Assessment Details

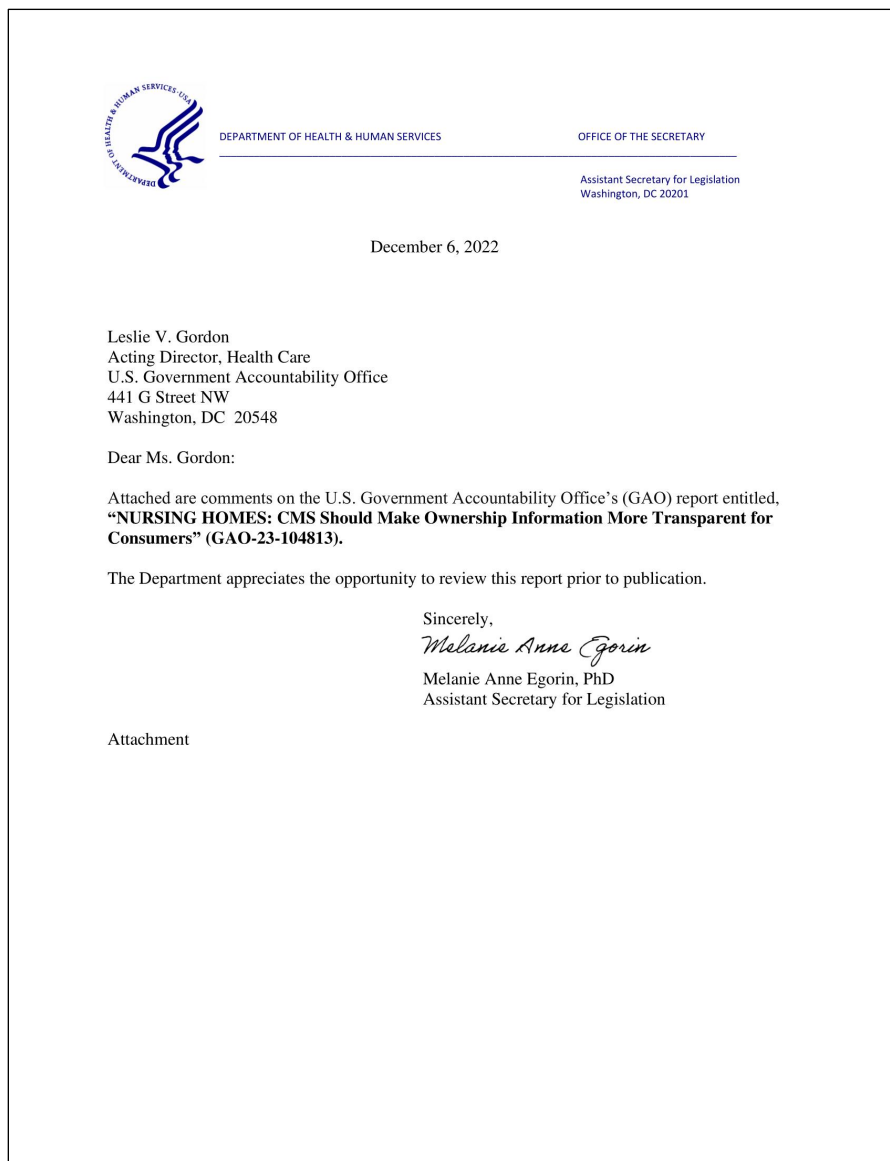
Characteristic	Characteristic description from GAO-15-11^a	GAO assessment of alignment (yes/limited/no)	GAO rationale for assessment
Enables easy use and navigation of the tool	Unless consumers can quickly find information of interest to them, they are likely to quickly dismiss the potential utility of a consumer transparency tool and move on. Extensive testing with consumers can help public and private entities providing transparency tools to develop intuitive, user-friendly approaches to website navigation and for manipulating how the information are presented.	Limited	Users can access ownership information at the bottom of the Care Compare web page. However, CMS has not sought input from consumers on whether they can easily use and navigate the ownership section of Care Compare to obtain the information they need. In September 2022, CMS stated that they plan to seek input from consumers on how best to present nursing home ownership information on Care Compare.
Explains purpose and value of ownership information	Effective consumer transparency tools address prevalent misleading preconceptions by providing consumers coherent explanations of how ownership information relates to the aspects of quality that consumers find relevant.	No	CMS does not provide any context or explanations of how ownership information could be used by consumers.
Describe key strengths and limitations of the information	Although the research reviewed for our 2014 report shows that few consumers are inclined to delve into the many methodological issues that concern appropriate techniques for collecting, checking, and analyzing ownership information, transparency tools can provide both summary assessments of strengths and limitations for most consumers, and links to more complete explanations for those wanting to pursue these issues in greater detail. Such information, along with identification of the organization responsible for the tool, provides consumers a basis to judge the credibility of the information provided.	No	CMS does not include information such as how ownership information was collected, how its accuracy was assessed, or what gaps in the information exist (for example, the fact that chain ownership is not clearly identified).

Source: GAO analysis of Centers for Medicare & Medicaid Services (CMS) Care Compare website. | GAO-23-104813

^aThis description is taken from GAO-15-11 and modified to refer to ownership information.

Note: GAO assessed whether ownership information on the Care Compare website met selected characteristics of effective transparency tools, identified in prior work, with ratings of “yes,” “no,” or “limited”—if the information presented did not consistently align with a yes or a no rating. See GAO, *Health Care Transparency: Actions Needed to Improve Cost and Quality Information for Consumers*, GAO-15-11 (Washington, D.C.: Oct. 20, 2014).

Appendix II: Comments from the Department of Health and Human Services



**Appendix II: Comments from the Department
of Health and Human Services**

**GENERAL COMMENTS FROM THE DEPARTMENT OF HEALTH & HUMAN SERVICES
ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED –
NURSING HOMES: CMS SHOULD MAKE OWNERSHIP INFORMATION MORE
TRANSPARENT FOR CONSUMERS (GAO-23-104813)**

The Department of Health & Human Services (HHS) and the Centers for Medicare & Medicaid Services (CMS) appreciate the opportunity to review and comment on the Government Accountability Office's (GAO) draft report.

CMS takes its role in improving the safety and quality of care in our nation's nursing homes seriously, and as such, CMS is leading the Biden-Harris Administration's new efforts to increase the safety and quality of care in nursing homes, which includes important steps to increase accountability. The Administration has laid out 21 initiatives spread across five key strategic goals, including a goal to create a database of nursing home owners and operators and to improve the transparency of facility ownership and finances so that potential residents and their loved ones can make informed decisions about care.¹

In September 2022, CMS made additional data publicly available that includes information about the ownership of all Medicare-certified nursing homes. This data provides state licensing officials, state and federal law enforcement, researchers, and the public an enhanced ability to identify common owners of nursing homes across nursing home locations. The data CMS made available online can be linked to other data sources to identify the performance of facilities under common ownership, such as owners affiliated with multiple nursing homes with a record of poor performance to improve nursing home transparency, safety and quality, and accountability. The additional data includes detailed information on the ownership of approximately 15,000 nursing homes certified as a Medicare Skilled Nursing Facility – regardless of any change in ownership, including providing more information about organizational owners of nursing homes. For example, the expanded data elements include information about each organizational owner, such as whether it's a holding company or a consulting firm. CMS also provided key identifiers that reflect groups of nursing homes with common ownership of managerial control. The data is updated monthly to help all stakeholders analyze how ownership of particular nursing homes or groups of nursing homes impacts the quality of care nursing home residents receive.

This work built upon earlier transparency and accountability efforts. For example, in April 2022, CMS released data publicly for the first time ever on mergers, acquisitions, consolidations, and changes of ownership from 2016 – 2022 for hospitals and nursing homes enrolled in Medicare.²

While the data released is intended primarily for researchers and state and federal agencies, the new nursing home ownership data is also accessible to consumers through a link in the ownership section of each nursing home on the Care Compare website. Care Compare is a tool to help residents and their loved ones compare facilities and make informed decisions when choosing a place for care. As GAO noted, Care Compare includes nursing home ownership information for consumers, including profit status and the names of individual and organizational owners and managers. CMS is working with consumers to obtain feedback on how best to present provider ownership information in a user-friendly way on Care Compare to support their healthcare decisions.

HHS and CMS thank the GAO for its efforts on this important issue and look forward to working with the GAO on this and other issues in the future. GAO's recommendation and CMS's response are below.

¹ The White House, [FACT SHEET: Protecting Seniors by Improving Safety and Quality of Care in the Nation's Nursing Homes, February 28, 2022](#).

² [HHS Releases New Data and Report on Hospital and Nursing Home Ownership](#), April 20, 2022

**Appendix II: Comments from the Department
of Health and Human Services**

**GENERAL COMMENTS FROM THE DEPARTMENT OF HEALTH & HUMAN SERVICES
ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED –
NURSING HOMES: CMS SHOULD MAKE OWNERSHIP INFORMATION MORE
TRANSPARENT FOR CONSUMERS (GAO-23-104813)**

GAO Recommendation

CMS should fully align the nursing home ownership information on the Care Compare website with the relevant characteristics of effective transparency tools. This could include:

- Using plain language to define key terms in the ownership section of Care Compare.
- Organizing ownership information by providing consumers easy access to a list of all facilities under common ownership, their respective, and a distribution of star ratings across nursing homes with common ownership to allow consumers to examine quality patterns across such facilities

CMS Response

CMS concurs with this recommendation. CMS is considering ways to improve the usability and transparency of nursing home ownership information and has taken steps to do so, including on identifying common ownership. CMS is considering a range of options, including using easy-to-understand language, creating an easily accessible list of facilities under common ownership, noting their respective star ratings, and other means to allow consumers to examine quality patterns across such facilities.

Text of Appendix II: Comments from the Department of Health and Human Services

December 6, 2022

Leslie V. Gordon

Acting Director, Health Care

U.S. Government Accountability Office 441 G Street NW

Washington, DC 20548

Dear Ms. Gordon:

Attached are comments on the U.S. Government Accountability Office's (GAO) report entitled, "NURSING HOMES: CMS Should Make Ownership Information More Transparent for Consumers" (GAO-23-104813).

The Department appreciates the opportunity to review this report prior to publication.

Sincerely,

Melanie Anne Egorin, PhD Assistant Secretary for Legislation

Attachment

GENERAL COMMENTS FROM THE DEPARTMENT OF HEALTH & HUMAN SERVICES ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED – NURSING HOMES: CMS SHOULD MAKE OWNERSHIP INFORMATION MORE TRANSPARENT FOR CONSUMERS (GAO-23-104813)

The Department of Health & Human Services (HHS) and the Centers for Medicare & Medicaid Services (CMS) appreciate the opportunity to review and comment on the Government Accountability Office's (GAO) draft report.

CMS takes its role in improving the safety and quality of care in our nation's nursing homes seriously, and as such, CMS is leading the Biden-Harris Administration's new

efforts to increase the safety and quality of care in nursing homes, which includes important steps to increase accountability. The Administration has laid out 21 initiatives spread across five key strategic goals, including a goal to create a database of nursing home owners and operators and to improve the transparency of facility ownership and finances so that potential residents and their loved ones can make informed decisions about care.¹

In September 2022, CMS made additional data publicly available that includes information about the ownership of all Medicare-certified nursing homes. This data provides state licensing officials, state and federal law enforcement, researchers, and the public an enhanced ability to identify common owners of nursing homes across nursing home locations. The data CMS made available online can be linked to other data sources to identify the performance of facilities under common ownership, such as owners affiliated with multiple nursing homes with a record of poor performance to improve nursing home transparency, safety and quality, and accountability. The additional data includes detailed information on the ownership of approximately 15,000 nursing homes certified as a Medicare Skilled Nursing Facility – regardless of any change in ownership, including providing more information about organizational owners of nursing homes. For example, the expanded data elements include information about each organizational owner, such as whether it’s a holding company or a consulting firm. CMS also provided key identifiers that reflect groups of nursing homes with common ownership of managerial control. The data is updated monthly to help all stakeholders analyze how ownership of particular nursing homes or groups of nursing homes impacts the quality of care nursing home residents receive.

This work built upon earlier transparency and accountability efforts. For example, in April 2022, CMS released data publicly for the first time ever on mergers, acquisitions, consolidations, and changes of ownership from 2016 – 2022 for hospitals and nursing homes enrolled in Medicare.²

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² HHS Releases New Data and Report on Hospital and Nursing Home Ownership, April 20, 2022

managers. CMS is working with consumers to obtain feedback on how best to present provider ownership information in a user-friendly way on Care Compare to support their healthcare decisions.

HHS and CMS thank the GAO for its efforts on this important issue and look forward to working with the GAO on this and other issues in the future. GAO's recommendation and CMS's response are below.

GAO Recommendation

CMS should fully align the nursing home ownership information on the Care Compare website with the relevant characteristics of effective transparency tools. This could include:

- Using plain language to define key terms in the ownership section of Care Compare.
- Organizing ownership information by providing consumers easy access to a list of all facilities under common ownership, their respective, and a distribution of star ratings across nursing homes with common ownership to allow consumers to examine quality patterns across such facilities

CMS Response

CMS concurs with this recommendation. CMS is considering ways to improve the usability and transparency of nursing home ownership information and has taken steps to do so, including on identifying common ownership. CMS is considering a range of options, including using easy-to-understand language, creating an easily accessible list of facilities under common ownership, noting their respective star ratings, and other means to allow consumers to examine quality patterns across such facilities.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Leslie V. Gordon, (202) 512-7114, gordonlv@gao.gov

Staff Acknowledgments

In addition to the contact listed above, William Black and Greg Giusto, Assistant Directors; Kate Nast Jones (Analyst-in-Charge), Francis Choi, Mary Edgerton, Benjamin Feldman, Rebecca McGarity-Palmer, Laurie Pachter, Eric Peterson, Dan Ries, Lillian Riehl Schultze, Ravi Sharma, Roxanna T. Sun, and Cathy Hamann Whitmore made key contributions to this report. Also contributing were Colleen Candrl, Seyda Wentworth, and Jennifer Whitworth.

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