

GAO Highlights

Highlights of [GAO-23-106163](#), a report to the Ranking Member, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

About 14,700 nursing homes enrolled in Medicare provided care to about 1.2 million elderly or disabled residents in 2021, for a total cost of about \$28.5 billion. CMS is the agency responsible for ensuring nursing homes enrolled in the Medicare program meet certain quality standards.

Nursing homes must report their owners that meet certain ownership thresholds to CMS. CMS has recently taken steps to improve the transparency of nursing home ownership by, for example, publicly releasing additional ownership data as of 2022. However, the extent to which CMS's ownership data can be used to identify private equity ownership is unclear.

GAO was asked to review CMS's nursing home ownership data for information about private equity owners. This report 1) estimates the percentage of Medicare-enrolled nursing homes in 2022 that were private equity-owned and 2) describes the limitations of using CMS's data to identify private equity and other owners of nursing homes. To do so, GAO reviewed data on nursing home ownership from CMS and other sources, reviewed documentation and relevant studies, and interviewed CMS officials, among other steps.

View [GAO-23-106163](#). For more information, contact Leslie V. Gordon at (202) 512-7114 or GordonLV@gao.gov.

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NURSING HOMES

Limitations of Using CMS Data to Identify Private Equity and Other Ownership

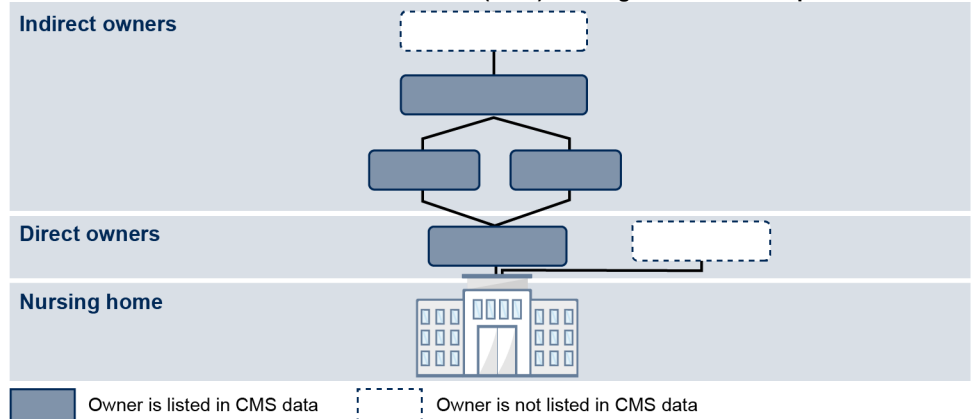
What GAO Found

The Centers for Medicare & Medicaid Services (CMS) collects information on the ownership of nursing homes participating in Medicare as part of its enrollment process. Ownership structures of nursing homes can be complex, with nursing homes having one or more owners which, in turn, may have one or more owners. Firms that manage private equity funds—a type of fund that invests in companies that are often not publicly traded—have drawn attention by purchasing and modifying nursing homes' operations to realize a profit.

GAO estimated that 5 percent of nursing homes had private equity ownership in 2022, based on a review of CMS's data on nursing home ownership supplemented with other sources. Another recent study also reported that 4.7 percent of nursing homes were owned by private equity firms in 2020.

However, GAO identified two main limitations of using CMS's data alone to identify private equity and other ownership of nursing homes. First, many nursing homes—including those that were private equity-owned and those that were not—did not have all of their owners listed in CMS's data (see figure).

Illustrative Example of a Nursing Home's Ownership Structure and Information Available in the Centers for Medicare & Medicaid Services' (CMS) Nursing Home Ownership Data



Source: GAO analysis of nursing home data and documentation. | GAO-23-106163

In some cases, the owners may not have met the ownership threshold requiring reporting by the nursing home. In other cases, the nursing home may not have self-reported its eligible owners as required. By checking against other data sources, GAO identified examples of nursing homes for which not all owners were listed in CMS's data, including some whose unlisted owner appeared to be eligible for reporting. However, limitations in these other data sources made it difficult for GAO to determine whether an unlisted nursing home owner should have been reported. In addition, this can be a time- and resource-intensive effort because there is no single, authoritative data source with comprehensive information about nursing home owners. Second, CMS's data do not provide a means of readily identifying private equity firms and were not designed to do so. In February 2023, CMS proposed a regulatory definition of private equity companies for potential future disclosure requirements on the Medicare provider enrollment application. The comment period closed in April 2023.