

AB 927 (McCarty)

The Nursing Home Ownership Disclosure Act

The Problem

About half of California 1,260 skilled nursing facilities are owned and operated by for-profit nursing home chains that often put profit before care and subject their residents to poor care. Following a year-long investigation, in November 2014 the Sacramento Bee published a remarkable three-part series, *Unmasked: How California's Largest Nursing Home Chains Perform*, that exposed the troubling performance of many of these chains, the great challenges consumers face in discovering who really owns nursing homes they are considering and the Department of Public Health's failure to keep unfit chain operators from acquiring large numbers of California nursing homes.

Poor Performance of Chains

The Sacramento Bee reported that 25 for-profit nursing home chains control about half of the state's licensed beds. Its investigation found that twenty of the top 25 for-profit chains fell below state averages in at least three out of five staffing measures. Nine out of 10 of the state's largest nursing home chains had below-average staffing or high turnover in 2012.

California Allows Unfit Operators to Acquire Nursing Homes

It is all too easy for nursing home chains with extremely poor track records to acquire large numbers of nursing homes in California, subject residents to neglect in understaffed facilities and then discard or sell the facilities under duress. To name a few of these companies, Pleasant Care, Horizon West Healthcare, Beverly Enterprises and Sun Healthcare are prominent former nursing home chains that fit this description. The California Department of Public Health does a poor job of preventing unfit operators from acquiring nursing homes.

California's largest nursing home operator – whom the California Attorney General recently described as “a serial violator of rules within the skilled nursing industry” in legal proceedings – is in the process of acquiring an additional 18 nursing homes. Three of the operator's California nursing homes have been closed or decertified due to horrific care and the deaths of multiple residents due to neglect in recent months, yet he and companies he is affiliated with continue to expand their nursing home operations throughout California.

Consumers Left in the Dark About Who Owns Nursing Homes

For those selecting a nursing home, nothing matters more than knowing who owns it, especially if it is part of a chain. Consumers want to avoid nursing homes that are owned by chains with bad track records but the Bee found that “*a family wanting to examine chainwide quality patterns faces a herculean task.*”

The Department of Public Health makes it exceptionally difficult for consumers to find out whether a nursing home is part of a specific chain, much less to determine a chain's performance history. The Bee found that the Department's health's facility website provides “scant and often misleading information” on ownership.

The Legislation: AB 927 (McCarty)

AB 927 responds to some of the key problems identified in the Bee investigation by:

- Strengthening suitability requirements and preventing companies and individuals with poor track records from acquiring nursing homes;
- Requiring operators to disclose additional information about nursing home holdings when filing for a change of ownership or management;
- Clarifying DPH's duty to review and approve changes of nursing home ownership and management that occur at any level of the corporate structure; and
- Improving the nursing home ownership information the Department of Public Health provides to the public on its Health Facilities Consumer Information System website.