



CONSUMER ATTORNEYS OF CALIFORNIA

Seeking Justice for All

AB 927 (McCarty) – The Nursing Home Ownership Disclosure Act of 2015

PURPOSE OF THIS BILL:

In recent years, there has been a tremendous increase in corporate ownership of nursing homes. These facilities are often operated by one business but owned by another. Such complex ownership structures make it difficult for consumers to determine who really owns a facility; this lack of transparency has a direct impact on the ability of consumers to obtain information about licensure violations and other relevant information when they seek to place a loved.



Under the current system, a family member can unknowingly transfer a loved one from one troubled facility to another without even knowing that the facilities are part of the same chain. How can a California consumer know whether an abusive chain is run and operated by the same person if they are only able to see data on the individual facility, but not who owns it at the chain level?

BACKGROUND:

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.

In the recent three-part series, *Unmasked: How California's Largest Nursing Home Chains Perform*, 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.

State and federal databases meant to help consumers make informed choices are often cumbersome to decipher.

According to The Bee, some companies doing business in California go to great lengths to create complex business structures. **"The tangled corporate webs they create make it difficult for consumers and government regulators to identify who's running the**

operations – and who should be held responsible when things go wrong."^[1]

PROBLEM:

Under current law, the Department of Public Health is charged with assessing the suitability of nursing home owners and management companies when changes in ownership and management take place. Unfortunately, due to poor

oversight, nursing home chains are able to avoid scrutiny when acquiring nursing homes in California.

The Sacramento Bee reported that 25 for-profit nursing home chains control about half of the state's licensed beds. After evaluating California's nursing homes on 46 measures, the Bee made the following findings, among others, about the performance of these chains:

- 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;
- Nursing homes owned by the largest operator fell below state averages on 35 of the 46 measures;
- One nursing home chain racked up abuse complaints at a pace seven times the statewide rate.

SOLUTION:

AB 927 would strengthen California laws governing acquisition of nursing homes, suitability requirements for operators and disclosure to the public on who owns nursing homes. Specifically the bill will: 1) Strengthen suitability requirements and preventing companies and individuals with poor track records from acquiring nursing homes; 2) Require operators to disclose additional information about nursing home holdings when filing for a change of ownership or management; 3) Clarify DPH's duty to review and approve changes of nursing home ownership and management that occur at

^[1] <http://media.sacbee.com/static/sinclair/Nursing1c/index.html>

Legislative Department

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any level of the corporate structure; and 4 Improving the nursing home ownership information the Department of Public Health provides to the public on its Health Facilities Consumer Information System website.

SUPPORT:

California Advocates for Nursing Home Reform (CANHR) (Sponsor)
San Diego District Attorney (sponsor)
Consumer Attorneys of California

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