



CHANGES IN OWNERSHIP OF SKILLED NURSING FACILITIES FROM 2016 TO 2021: VARIATIONS BY GEOGRAPHIC LOCATION AND QUALITY

KEY POINTS

- A total of 3,254 skilled nursing facilities (SNFs) were sold from January 2016 to December 2021, and the number of transactions changing ownership have increased since 2016.
- There is wide variation in the number of SNF ownership changes across states.
- For each year since 2016, SNFs with overall lower quality star ratings were sold more often than SNFs with higher quality ratings.

In April 2022, the Centers for Medicare & Medicaid Services (CMS) publicly released datasets on hospital and skilled nursing facility (SNF) mergers and acquisitions, consolidation, and other changes of ownership transactions dating back to 2016.¹ Publication of these data supports the Administration's goal of improving transparency and accessibility of information that can be readily used for research to help address questions about how ownership structures in these markets are changing, the extent of market consolidation, and whether those changes affect access to care, quality, and prices. A recent report released by ASPE found frequent changes of ownership in hospitals and SNFs between 2016 and 2021, with wide variation across states, and that ownership changes among hospitals were more common in medium and larger hospitals, and hospitals with low profit margins.²

This brief focuses on change of ownership transactions for SNFs and analyzes variation by geographic location and quality of nursing homes being sold.

BACKGROUND

There are approximately 15,000 nursing homes (both nursing facilities and skilled nursing facilities) nationwide, serving more than 1.3 million residents.³ Over 90% of nursing homes are both Medicare and Medicaid-certified, serving both residents who need short post-acute rehabilitative and palliative services after a stay in an acute care hospital, and those who need longer-term custodial-type care with support services. The Medicare benefit pays for certain post-acute care in SNFs (up to 100 days in a benefit period). This brief uses the newly published ownership data for SNFs that bill Medicare to examine change of ownership transactions after January 1, 2016. This subset of data is derived from the Provider Enrollment, Chain, and Ownership System (PECOS) and contains buyer and seller information, enrollment records, ownership and managerial control information, and dates of when change in ownership occurred.⁴

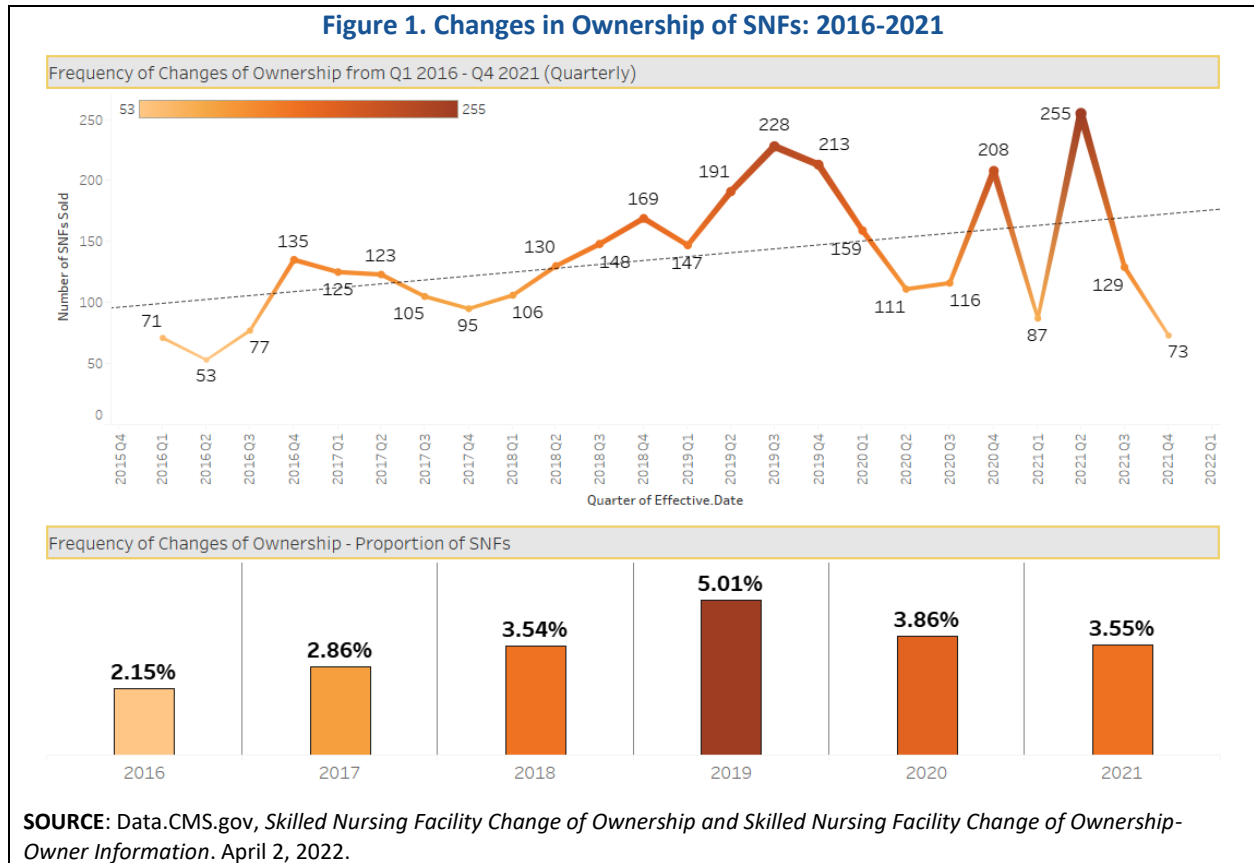
DATA AND METHODS

We used the newly released Skilled Nursing Facility Change of Ownership (CHOW) data files to show changes of ownership of SNFs and the geographic variations of those transactions from 2016-2021. To understand SNF change of ownership trends by quality star ratings, we linked the CHOW data file with the archived Nursing Home Annual Files publicly available in CMS's Care Compare website, which provide quality rating scores of nursing home providers from 2016 to 2022.⁵ The total number of SNFs was also derived from the Nursing Home Annual Files in the Care Compare website.

RESULTS

Overall Changes in Ownership of Skilled Nursing Facilities from 2016-2021

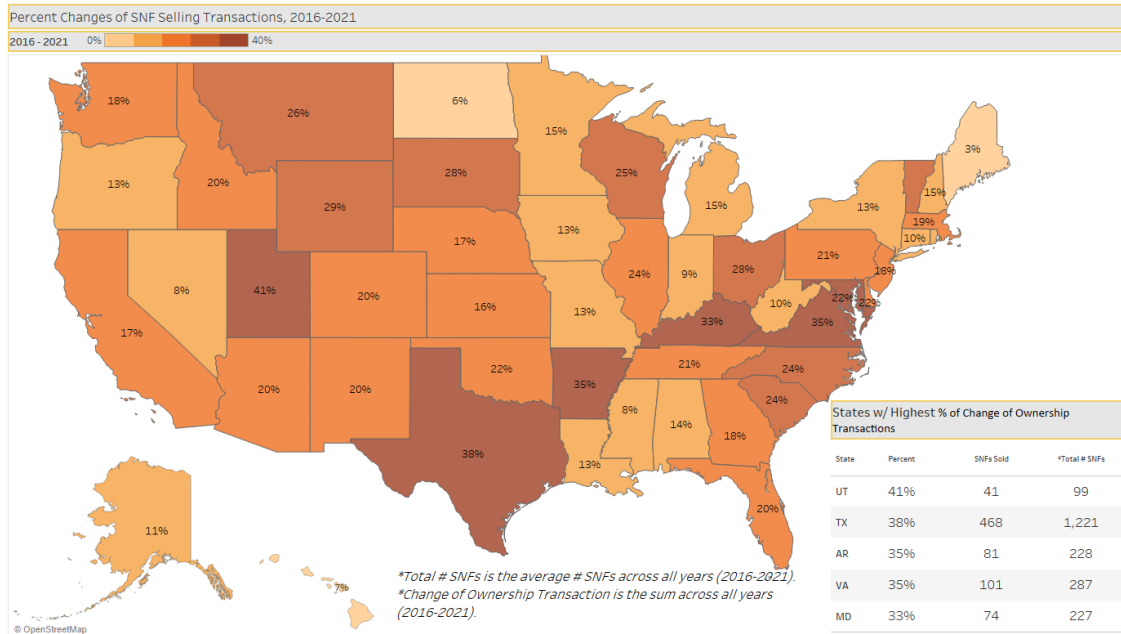
Figure 1 shows that a total of 3,254 SNFs were sold from January 2016 to December 2021, and the number of transactions changing ownership has generally increased since 2016. The highest proportion of SNFs sold in any one year was in 2019 (5%, or 779 out of 15,535 SNFs). Transactions have decreased since then, but have remained slightly higher than in prior years, averaging about 3.5% of SNFs sold from 2016 to 2021.



Geographic Variation in Skilled Nursing Facility Ownership Transactions

Figure 2 shows wide variation in the number of SNF ownership changes across states since 2016. From 2016 to 2021, a total of 41 out of the 99 SNFs in Utah (41%) had a change in ownership. Texas, Arkansas, Virginia, and Maryland also had a high number of transactions during that period, representing about a third of the SNFs in each state (see Appendix A for the number of ownership transactions in all states from 2016 to 2021). For each individual year, no particular state was an outlier consistently over time, although Texas stands out with a relatively high number of transactions (see Appendix B for the geographic variations by year).

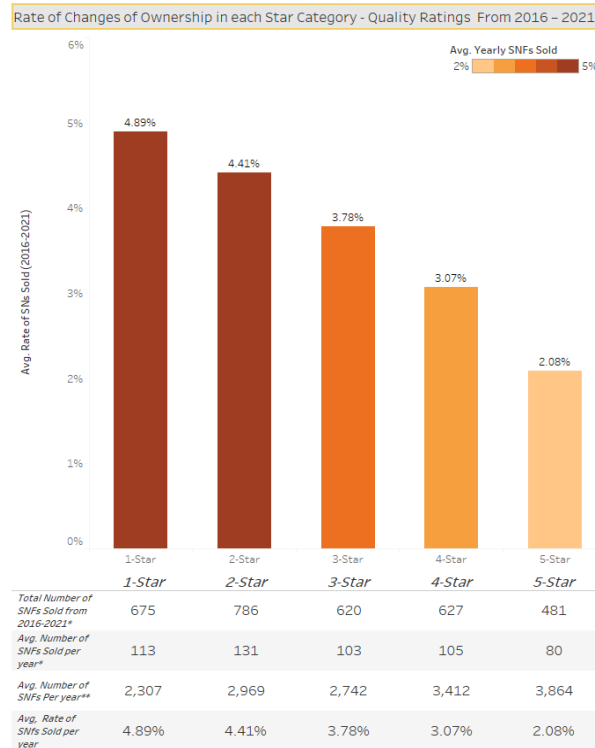
Figure 2. Geographic Variation of SNFs being Sold, Total for 2016-2021*



SOURCE: Data.CMS.gov, *Skilled Nursing Facility Change of Ownership and Skilled Nursing Facility Change of Ownership-Owner Information*. April 2, 2022.

* The data sums the count of each change in ownership transaction, so that one SNF may have experienced more than one change in ownership during the study period.

Figure 3. Quality Ratings of SNFs Sold: 2016-2021



SOURCE: Data.CMS.gov, *Skilled Nursing Facility Change of Ownership (CHOW)* was linked with the NH_ProviderInfo file from the archived Nursing Home Annual Database in the Care Compare website. April 2, 2022.

* CMS CHOW files.

** NH_Providerinfo monthly files from Care Compare Data.

Quality Star Ratings of Skilled Nursing Facilities Sold

We also examined differences in the overall nursing home star rating assigned to the SNFs being sold during this time.⁶ CMS's Five-Star Quality Rating System is a system that gives each nursing home an overall rating of 1 to 5 stars, with higher star ratings corresponding to higher measured quality. **Figure 3** shows that, from 2016 to 2021, SNFs with overall lower quality star ratings were sold more often than SNFs with higher quality ratings. For example, from 2016 to 2021, an average of 5% of SNFs with 1-star ratings were sold compared to an average of 2% of SNFs with 5-star ratings.

CONCLUSION

In this analysis of newly released data on SNF changes of ownership, we found that a total of 3,254 SNFs were sold from January 2016 to December 2021, and the number of transactions changing ownership has increased since 2016. We found a wide variation in the number of SNF ownership changes across states, and that SNFs with overall lower quality star ratings were sold more often compared to SNFs with higher quality ratings.

With the release of these data, CMS is supporting the Administration's strategy to improve safety and care in the nation's nursing homes by promoting transparency of ownership transactions. A growing body of research and news reports have raised concerns about nursing homes acquired by larger and private equity companies subsequently experiencing increased emergency room visits, hospitalizations, and costs among long-stay residents.^{7,8,9} Our findings are consistent with previous research on older data, which found that low-quality nursing homes were more likely than other nursing homes to be bought or sold by chains in 1993-2010.¹⁰

Free and readily available access to change of ownership data will allow for more research to better understand how nursing home ownership financial structures have been changing. This in turn will allow researchers to examine how such changes in SNF markets may relate to the safety and quality of care provided in SNFs, as well as changes in health care costs and patient outcomes. This snapshot of the SNF data reveals important trends to consider in future research examining changes of ownership by provider profit status, chain affiliation, size, and occupancy rates, as well as rate of ownership changes of facilities that serve disproportionately high numbers of residents of certain demographic traits (e.g., minorities, dual eligibility status, receiving low-income subsidies). More extensive analysis on the quality of nursing homes being sold would also be useful in determining what implications this may have for market trends, quality, and access to care in SNFs throughout the country.

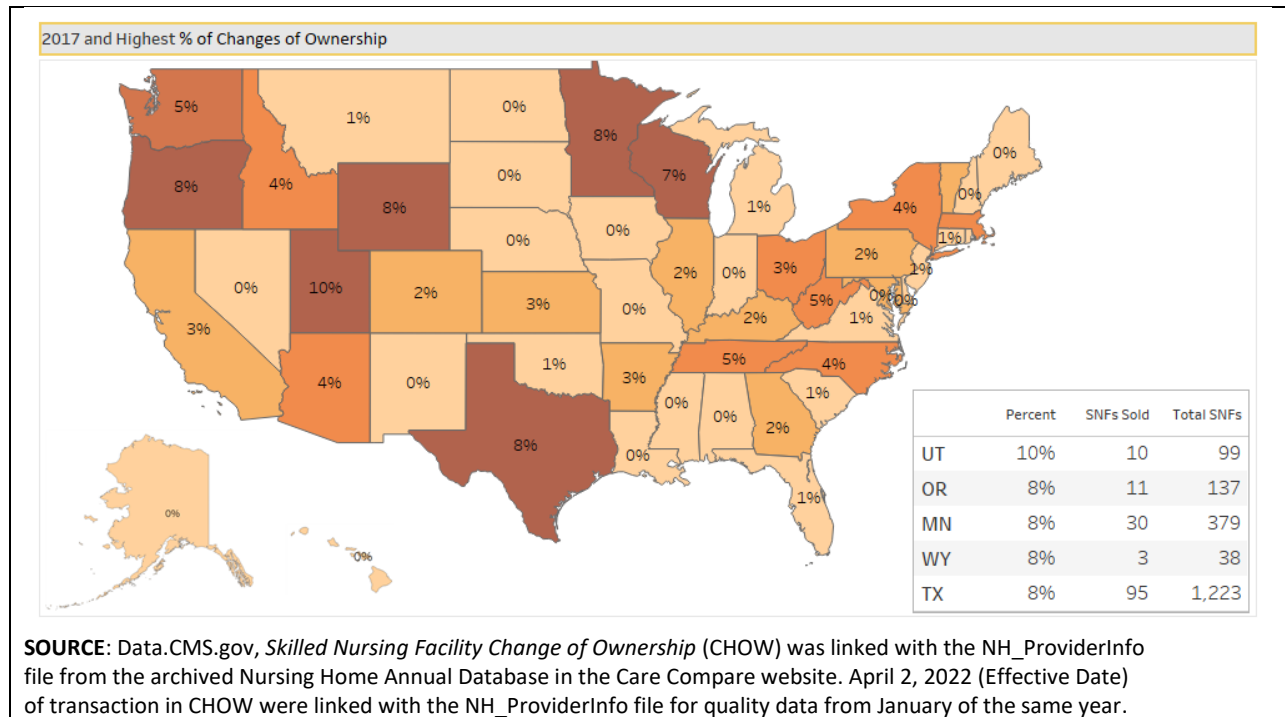
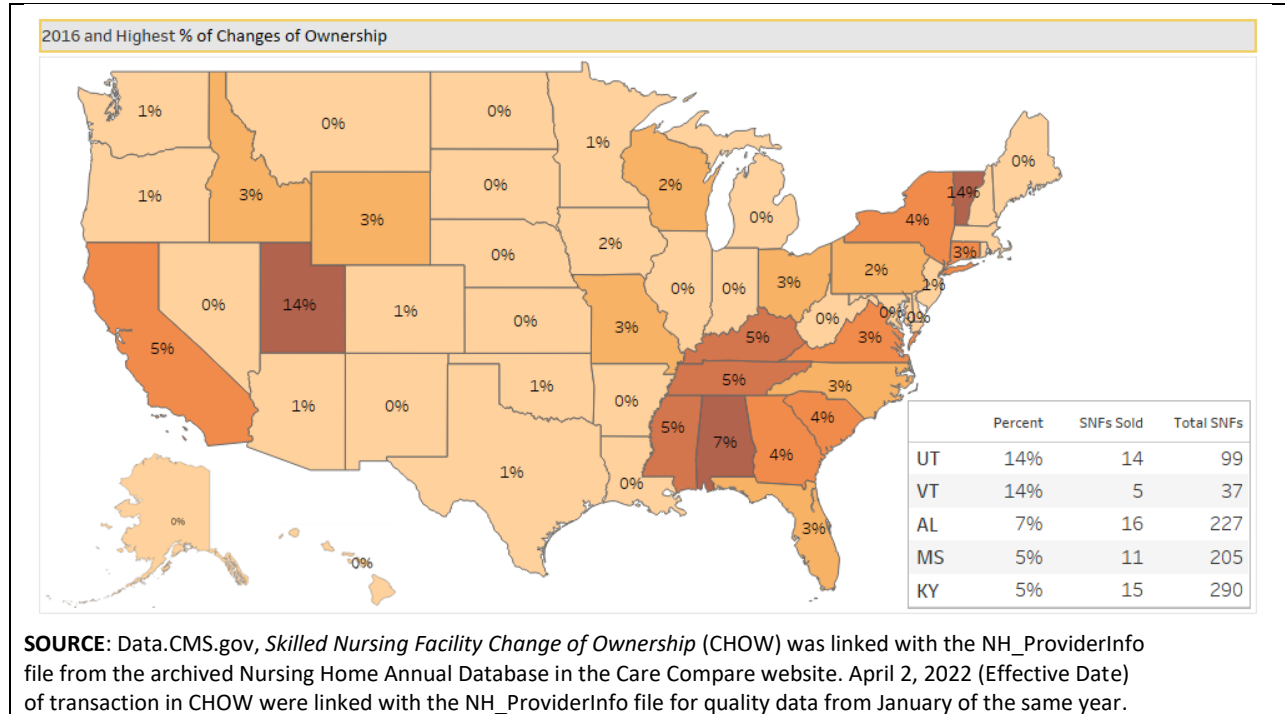
APPENDIX A: GEOGRAPHIC VARIATION OF SNFS BEING SOLD, TOTAL FOR 2016-2021

Change in Ownership Transactions by State (2016-2021)							
State	Percent	SNFs Sold	Total # SNFs*	State	Percent	SNFs Sold	Total # SNFs*
UT	41%	41	100	MA	19%	74	396
TX	38%	468	1,221	NJ	18%	66	364
AR	35%	81	228	WA	18%	38	214
VA	35%	101	287	GA	18%	64	359
MD	33%	74	227	CA	17%	207	1,199
KY	33%	93	287	NE	17%	36	210
WY	29%	11	38	KS	16%	55	336
SD	28%	30	108	MN	15%	57	375
OH	28%	267	962	MI	15%	66	441
MT	26%	19	74	NH	15%	11	74
WI	25%	96	374	AL	14%	32	228
VT	25%	9	36	NY	13%	83	621
SC	24%	46	189	MO	13%	69	518
NC	24%	103	427	OR	13%	18	134
IL	24%	173	734	LA	13%	36	278
DC	22%	4	19	IA	13%	56	438
OK	22%	66	301	RI	12%	10	82
DE	22%	10	46	AK	11%	2	19
TN	21%	68	317	CT	10%	22	221
PA	21%	148	696	WV	10%	12	125
FL	20%	142	695	IN	9%	51	543
AZ	20%	30	147	NV	8%	5	61
NM	20%	15	73	MS	8%	17	205
ID	20%	16	80	HI	7%	3	45
CO	20%	45	224	ND	6%	5	80
				ME	3%	3	98
				PR	0%	0	6
				GU	9%	0	1

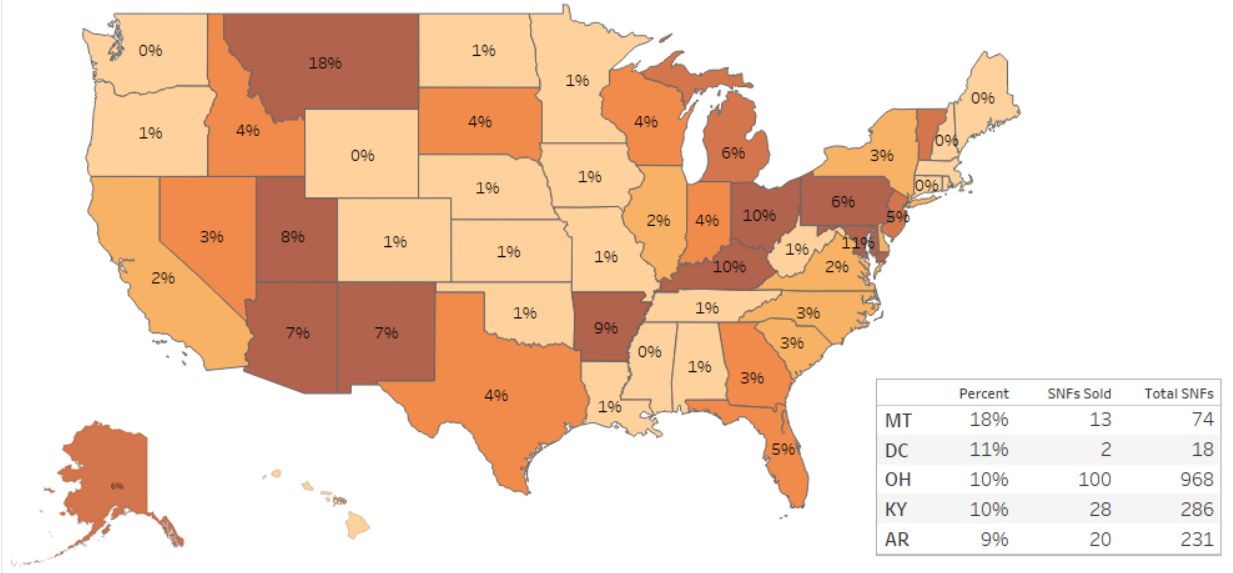
SOURCE: Data.CMS.gov, *Skilled Nursing Facility Change of Ownership (CHOW)*. April 2, 2022.

* "Total # of SNFs" is the average total from 2016 to 2020.

APPENDIX B: GEOGRAPHIC VARIATION OF SNFS BEING SOLD, BY YEAR, 2016-2021

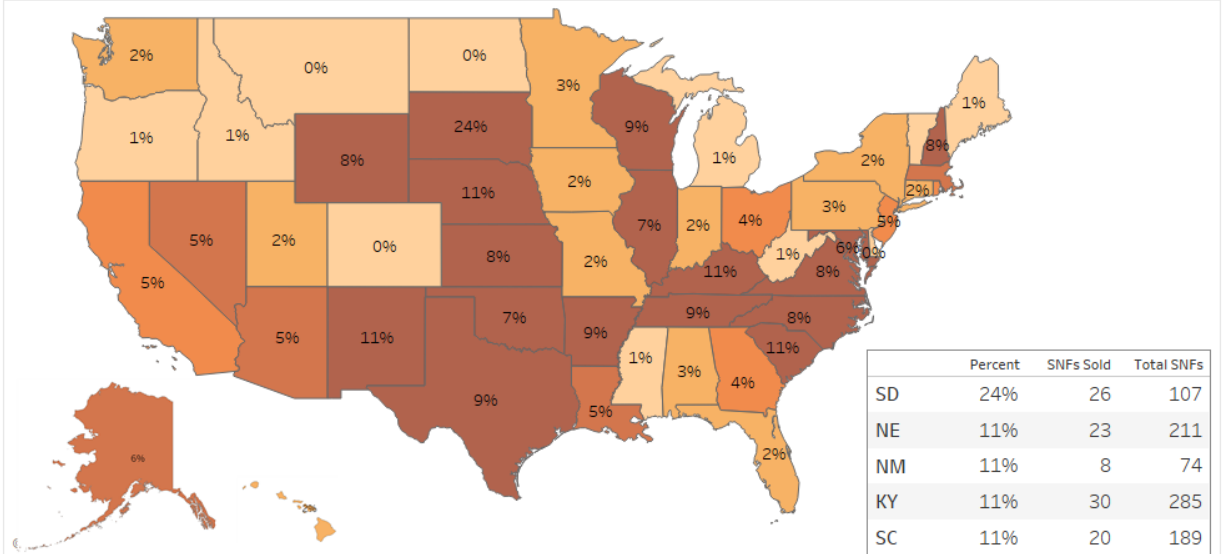


2018 and Highest % of Changes of Ownership



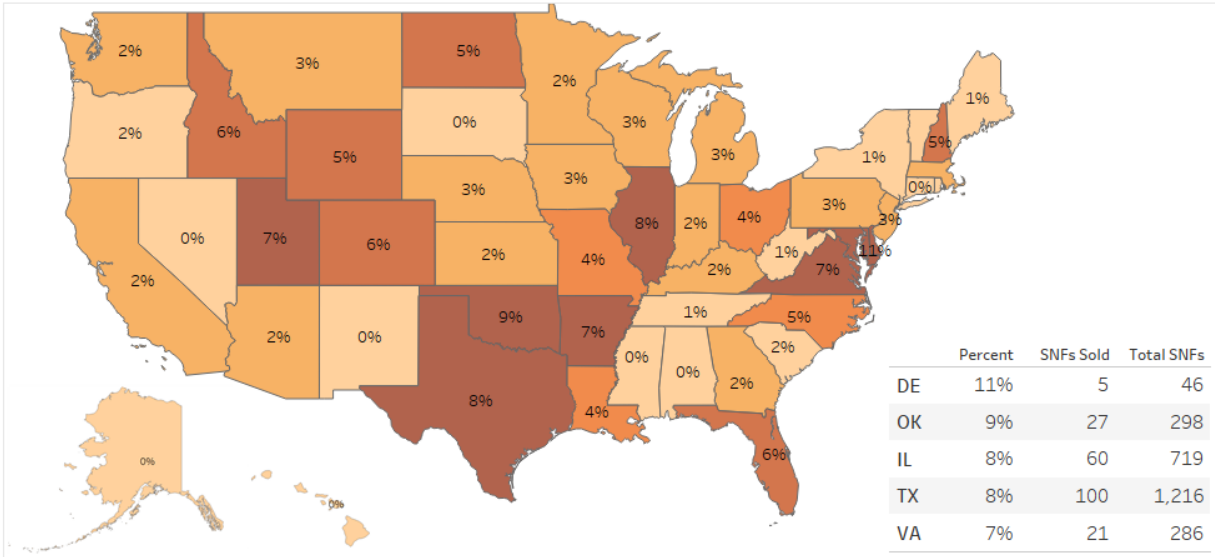
SOURCE: Data.CMS.gov, *Skilled Nursing Facility Change of Ownership* (CHOW) was linked with the NH_ProviderInfo file from the archived Nursing Home Annual Database in the Care Compare website. April 2, 2022 (Effective Date) of transaction in CHOW were linked with the NH_ProviderInfo file for quality data from January of the same year.

2019 and Highest % of Changes of Ownership



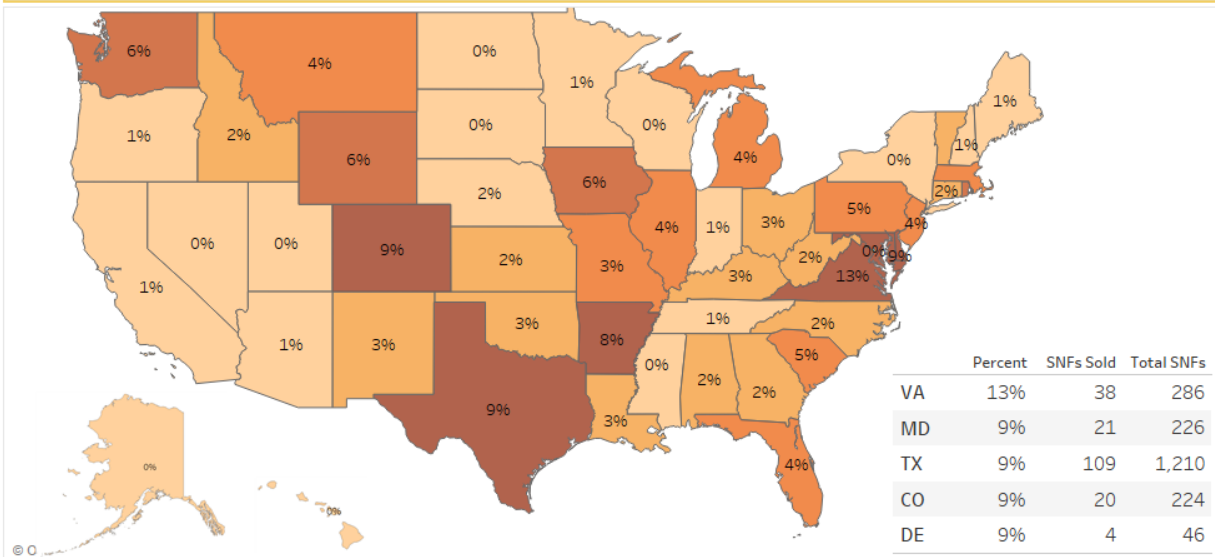
SOURCE: Data.CMS.gov, *Skilled Nursing Facility Change of Ownership* (CHOW) was linked with the NH_ProviderInfo file from the archived Nursing Home Annual Database in the Care Compare website. April 2, 2022 (Effective Date) of transaction in CHOW were linked with the NH_ProviderInfo file for quality data from January of the same year.

2020 and Highest % of Changes of Ownership



SOURCE: Data.CMS.gov, *Skilled Nursing Facility Change of Ownership (CHOW)* was linked with the NH_ProviderInfo file from the archived Nursing Home Annual Database in the Care Compare website. April 2, 2022 (Effective Date) of transaction in CHOW were linked with the NH_ProviderInfo file for quality data from January of the same year.

2021 and Highest % of Changes of Ownership



SOURCE: Data.CMS.gov, *Skilled Nursing Facility Change of Ownership (CHOW)* was linked with the NH_ProviderInfo file from the archived Nursing Home Annual Database in the Care Compare website. April 2, 2022 (Effective Date) of transaction in CHOW were linked with the NH_ProviderInfo file for quality data from January of the same year.

NOTES

1. Centers for Medicare & Medicaid Services Data; Medicaid Services Data. (n.d.). Retrieved May 6, 2022, from <https://data.cms.gov/provider-characteristics/hospitals-and-other-facilities/skilled-nursing-facility-change-of-ownership>. Change of ownership data is provided from PECOS, where CMS's Center for Program Integrity maintains records of mergers, acquisitions, consolidations and other changes of ownership for the hospitals and nursing homes the agency regulates. CMS requires changes of ownership to be reported by the entity within 30 days of the change and through self-reporting by each entity.
2. Welch, P., Ruhter, J., Bosworth, A., De Lew, N., Sommers, B.D. (2022). *Changes in Ownership of Hospital and Skilled Nursing Facilities: An Analysis of Newly Released CMS Data* (Issue Brief). Retrieved from <https://aspe.hhs.gov/reports/changes-ownership-hospital-skilled-nursing-facilities>.
3. Centers for Disease Control and Prevention. (2022). *FASTSTATS -- Nursing Home Care*. Retrieved May 11, 2022, from <https://www.cdc.gov/nchs/fastats/nursing-home-care.htm>.
4. Centers for Medicare & Medicaid Services Data; Medicaid Services Data.
5. CMS Nursing Homes Archived Annual files. Accessed May 2022. <https://data.cms.gov/provider-data/archived-data/nursing-homes>.
6. The CMS *overall* star rating is a composite measure of three individual performance domains, each with its own rating: the star ratings for a Health Inspection domain, a Staffing domain, and a Quality Measure domain. The Health Inspections domain measures are based on outcomes from state health inspection surveys, the Staffing domain measures are based on nursing home staffing levels reported at the time of state health inspection, and the Quality Measures domain measures are based on the CMS Minimum Data Set.
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