

April 28, 2026

Rhode Island Senate
Committee on Health & Human Services

PESP Comment in Support of SB 3025 (Requires the disclosure of the transfer of certain assets of healthcare facilities and provides penalties for failing to file healthcare facility ownership information.)

The Private Equity Stakeholder Project submits this written comment in support of SB 3025 and to provide background information on private equity investment patterns and associated risks in nursing home care that are relevant to transparency, oversight, and accountability in long-term care facilities.

PESP is a nonprofit organization dedicated to understanding the impacts of private equity and other financial investors on the U.S. healthcare system. Our work focuses on how ownership structures, financial practices, and investment strategies affect cost, quality, access to care, and the stability of healthcare providers.

Private equity firms have invested in the nursing home sector often through complex ownership structures and financial arrangements. These investments can involve layered corporate entities, real estate transactions, and management relationships that make it difficult for regulators, policymakers, and the public to identify who ultimately owns and controls nursing home facilities.

Policies that improve transparency and oversight of ownership and financial practices can help provide greater visibility into how nursing homes are structured and operated, and support efforts to protect residents and maintain access to care.

S3025 addresses these concerns by strengthening nursing home ownership transparency and establishing financial safeguards to protect facility operations, property, and resident care.

Private equity investment in Rhode Island healthcare

According to the [Private Equity Risk Index](#), Rhode Island has an overall risk score of 57 out of 100, placing it in the high-risk category relative to other states. Rhode Island is among the top 10 states for the share of nursing homes controlled by private equity, with 13.3% of nursing homes under private equity ownership. Private equity-controlled nursing homes in the state have an average Medicare quality rating of 2.5 out of 5.

In addition, Rhode Island is among the states with a significant share of its private sector workforce employed by private equity-controlled companies, averaging 8.4% between 2018 and 2022, and the state pension system has 19.7% of its assets invested in private equity funds.

The [Private Equity Risk Index](#) is a tool for the public, policymakers, and regulators to assess the impacts of private equity on different states and develop solutions to address those impacts.

Challenges tracking private equity’s nursing home ownership

One of the biggest limitations in studying private equity’s impacts on nursing homes continues to be a lack of transparent and reliable data around nursing home ownership.

The most extensive public data was released by the Centers for Medicare & Medicaid Services (CMS) in September 2022, including ownership of approximately 15,000 nursing homes certified as a Medicare Skilled Nursing Facility.¹

In a report examining the federal data release, nonprofit Public Citizen concluded that the data had several gaps, and nursing homes often did not report private equity firms among their owners. Some known private equity owners were not included in the data at all — including Portopiccolo Group, which acquired approximately 136 nursing homes from 2016 until 2022.²

The U.S. Government Accountability Office (GAO) also explored the limitations of the CMS ownership data in a September 2023 report.³ One main limitation, which remains a concern under current rules, is that many private equity-owned nursing homes did not have all their owners listed in the CMS data, including nursing homes that did not self-report eligible owners as required.

GAO was able to identify missing owners by checking against other data sources, but notes that “this can be a time- and resource-intensive effort because there is no single, authoritative data source with comprehensive information about nursing home owners.”⁴ The report estimated that as of 2022, 5% of 14,800 nursing homes had private equity owners.⁵

In November 2023, CMS expanded nursing home ownership and managerial reporting requirements and updated definitions for private equity companies and real estate investment trusts.⁶ While this rule was an important step forward for increasing transparency, the ownership data still contains gaps.

A March 2024 study published in *Health Affairs* found that:

- One-third of private equity investments identified in the proprietary Irving Levin Associates and S&P Capital IQ investment data were present in Centers for Medicare and Medicaid Services (CMS) publicly available ownership data.
- The study authors obtained different results when searching for the ten top common owners of nursing homes using CMS data and facility survey reports of chain ownership.
- Ownership percentages were missing in the CMS data for 82.4% of owners in the top ten chains and 55.21% of owners across all US facilities.⁷

In April 2024, *Health Affairs* published a separate study showing that as of 2021, private equity firms held investments in 13% of nursing homes.⁸ The researchers had access to a proprietary database that enabled them to better capture ownership information.⁹

Private equity risks in nursing homes

Putting profits before patients is not unique to private equity–owned nursing homes. But because there is less transparency around private equity deals and the companies they own, and because private equity firms tend to use more debt than other types of investors to fund their business strategies, the private equity business model can amplify the profit-seeking behaviors that put patients and healthcare workers at risk.

Nursing homes owned by private equity continue to face risks related to profit-seeking, use of debt, and monetization of real estate, which can leave fewer funds for operations and staffing. At least three nursing home companies owned by private equity have filed for bankruptcy in recent years, including two in 2024 alone. Recently, nursing homes have also had to confront financial risks as their owners take on debt in the form of private credit issued by lenders owned by private equity.

Multiple studies in recent years have demonstrated the harmful outcomes for patients and workers at nursing homes owned by private equity.

- Private equity ownership of nursing homes increases patient mortality by 11%, according to a study from the National Bureau of Economic Research (NBER) using patient-level Medicare data. According to the study, the mortality effect can be explained by declines in measures of patient well-being, nurse staffing, and compliance with care standards.¹⁰
- According to a research brief from the U.S. Department of Health and Human Services which examined ownership trends from 2013 through 2022, private equity investment resulted in a 12% relative decline in registered nurse (RN) hours per resident day (HPRD) compared to other for-profit facilities. The brief also reported a

14% relative increase (i.e., worsening) in the deficiency score index for private equity-owned facilities.¹¹

- A 2021 study showed that private equity acquisition of nursing homes was associated with higher costs and increases in emergency department visits and hospitalizations for ambulatory sensitive conditions.¹²

Recent nursing home bankruptcies under private equity

Due in part to private equity's tendency to burden portfolio companies with debt, healthcare providers owned by private equity have increased bankruptcy risk. Bankruptcies can lead to layoffs and the disruption of healthcare services for patients and nursing home residents, which can burden other healthcare providers and families who must address gaps left by closures.¹³

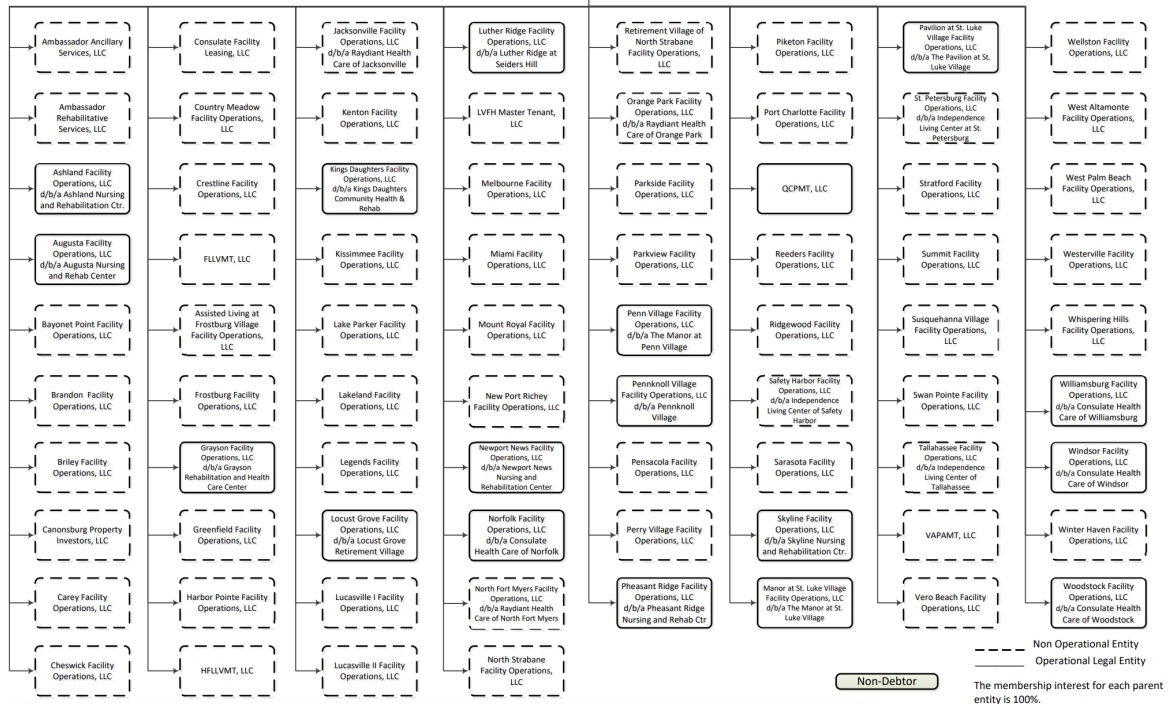
LaVie Care Centers/Consulate Health Care (Formation Capital)

One of the largest healthcare bankruptcies in 2024 was nursing home chain LaVie Care Centers (aka Consulate Health Care). The chain is owned by private equity firm Formation Capital through a complex web of dozens of related shell companies.¹⁴

At the time of its bankruptcy filing LaVie/Consulate ran 43 nursing homes averaging 100 beds per facility. In the 12 months leading up to the bankruptcy it closed 71 other facilities.¹⁵

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LaVie Care Centers, LLC Organizational Structure



One of eight interlocking organizational structure charts provided in LaVie Care Centers’ bankruptcy filing.

LaVie/Consulate has previously been criticized for how its private equity owners profit from the company. “Despite the big money generated from Medicare and Medicaid programs serving the poor and elderly, Consulate’s nursing homes are designed to appear cash-strapped,” wrote the *Naples Daily News* in 2018. “While individual home LLCs are essentially empty shells, they pay rent, management and rehabilitation service fees to Consulate or Formation Capital-affiliated companies.”¹⁶

Six nursing homes affiliated with Consulate filed for bankruptcy in March 2021 following a \$258 million False Claims Act fraud settlement involving allegations that the company upcoded services, provided patients with unnecessary and sometimes harmful treatments, and improperly denied treatment to patients on Medicaid.¹⁷

In the six years prior, the facilities had been sued by at least 137 plaintiffs, according to an investigation by *STAT*, which found:

“in many of these cases, lawyers for Consulate affiliates leveraged the threat of bankruptcy seeking to lower settlements, and that the companies’ actions

fit a larger pattern. Before bankruptcy, the company used a convoluted corporate structure that stymied litigation, including dividing up ownership of its nursing homes and keeping paltry liability insurance.”¹⁸

In its 2021 bankruptcy filing, Consulate said it was unable to pay the \$258 million fraud judgment, and a bankruptcy order was approved in December that year reducing the judgment to \$4.5 million.¹⁹

Conclusion

Private equity investment in the nursing home sector has been associated with a range of risks related to financial incentives, ownership structures, and operational practices. These include the use of debt and financial engineering, real estate monetization, and management arrangements that can divert resources away from resident care and toward financial obligations. These risks are often difficult to identify and address in real time due to the complexity and opacity of ownership and financial arrangements in the sector.

For these reasons and based on our research into private equity’s role in healthcare, the Private Equity Stakeholder Project supports SB 3025 and submits this information to assist policymakers as they consider nursing home ownership transparency, financial safeguards protecting nursing home operations and property.

Sincerely,

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Private Equity Stakeholder Project

¹ HHS Press Office. “Biden-Harris Administration Makes More Medicare Nursing Home Ownership Data Publicly Available, Improving Identification of Multiple Facilities Under Common Ownership.” Archive of HHS.gov, September 26, 2022. <https://public3.pagefreezer.com/browse/HHS.gov/01-01-2023T06:35/https://www.hhs.gov/about/news/2022/09/26/biden-harris-administration-makes-more-medicare-nursing-home-ownership-data-publicly-available-improving-identification-of-multiple-facilities-under-common-ownership.html>.

² Public Citizen. “Nursing Homes Often Do Not Report Private Equity Firms Among Their Owners,” September 1, 2022. <https://www.citizen.org/news/nursing-homes-often-do-not-report-private-equity-firms-among-their-owners/>.

³ U.S. Government Accountability Office. “Nursing Homes: Limitations of Using CMS Data to Identify Private Equity and Other Ownership,” September 22, 2023. <https://www.gao.gov/assets/gao-23-106163.pdf>.

⁴ U.S. Government Accountability Office. “Nursing Homes: Limitations of Using CMS Data to Identify Private Equity and Other Ownership,” September 22, 2023. <https://www.gao.gov/assets/gao-23-106163.pdf>.

⁵ U.S. Government Accountability Office. “Nursing Homes: Limitations of Using CMS Data to Identify Private Equity and Other Ownership,” September 22, 2023. <https://www.gao.gov/assets/gao-23-106163.pdf>.

⁶ Federal Register. “Medicare and Medicaid Programs; Disclosures of Ownership and Additional Disclosable Parties Information for Skilled Nursing Facilities and Nursing Facilities; Medicare Providers’ and Suppliers’ Disclosure of Private Equity Companies and Real Estate Investment Trusts,” November 17, 2023.

<https://www.federalregister.gov/documents/2023/11/17/2023-25408/medicare-and-medicaid-programs-disclosures-of-ownership-and-additional-disclosable-parties>; Janice Z. Davis and Christopher S. Ronne. “CMS Rule Targeting Private Equity and REIT Ownership of Nursing Facilities Now in Effect.” Morgan Lewis, January 30, 2024. <https://www.morganlewis.com/pubs/2024/01/cms-rule-targeting-private-equity-and-reit-ownership-of-nursing-facilities-now-in-effect>.

⁷ Chen, Amanda C., Robert J. Skinner, Robert Tyler Braun, R. Tamara Konetzka, David G. Stevenson, and David C. Grabowski. “New CMS Nursing Home Ownership Data: Major Gaps And Discrepancies.” *Health Affairs* 43, no. 3 (March 2024): 318–26. <https://doi.org/10.1377/hlthaff.2023.01110>.

⁸ It is likely this number is higher, as the study authors excluded from their analysis skilled nursing home facilities that had both REIT and private equity backers.

⁹ Williams, Dunc, Jr, Rahul Fernandez, David Stevenson, Mark Unruh, and Robert Tyler Braun. “Nursing Home Finances Associated with Real Estate Investment Trust and Private Equity Investments.” *Health Affairs Scholar* 2, no. 4 (April 1, 2024): qxae037. <https://doi.org/10.1093/haschl/qxae037>.

¹⁰ Atul Gupta, Sabrina T. Howell, Constantine Yannelis, and Abhinav Gupta. “Owner Incentives and Performance in Healthcare: Private Equity Investment in Nursing Homes.” Working Paper, February 2021. <https://doi.org/10.3386/w28474>.

¹¹ David Stevenson, Hannah Peterson, Robert Skinner, Estrella Ndrianasy, Robert Tyler Braun, Mark Unruh, and Rahul Fernandez. “Trends in Ownership Structures of U.S. Nursing Homes and the Relationship with Facility Traits and Quality of Care (2013-2022): Research Brief,” 2023. <http://www.ncbi.nlm.nih.gov/books/NBK606589/>.

¹² Braun, Robert Tyler, Hye-Young Jung, Lawrence P. Casalino, Zachary Myslinski, and Mark Aaron Unruh. “Association of Private Equity Investment in US Nursing Homes With the Quality and Cost of Care for Long-Stay Residents.” *JAMA Health Forum* 2, no. 11 (November 19, 2021): e213817. <https://doi.org/10.1001/jamahealthforum.2021.3817>.

¹³ O’Grady, Eileen. “Private Equity Healthcare Bankruptcies Are on the Rise.” Private Equity Stakeholder Project, April 17, 2024. <https://pestakeholder.org/reports/private-equity-healthcare-bankruptcies-are-on-the-rise/>.

¹⁴ Eileen O’Grady. “Private Equity Healthcare Bankruptcies Show No Signs of Slowing.” Private Equity Stakeholder Project PESP, August 1, 2024. <https://pestakeholder.org/news/private-equity-healthcare-bankruptcies-show-no-signs-of-slowing/>.

¹⁵ Chapter 11 Bankruptcy for LaVie Care Centers. Case No. 24-55507 (PMB). DECLARATION OF M. BENJAMIN JONES IN SUPPORT OF CHAPTER 11 PETITIONS AND FIRST DAY PLEADINGS. <https://veritaglobal.net/lavie/document/24555072406030000000000003> pg. 3 and 10.

¹⁶ Ryan Mills and Melanie Payne. “Neglected: Florida’s Largest Nursing Home Owner Represents Trend toward Corporate Control.” Naples Daily News, January 24, 2019. <https://www.naplesnews.com/story/news/special-reports/2018/05/31/floridas-largest-nursing-home-owner-part-growing-national-trend/581511002/>.

¹⁷ Mills, Ryan. “Consulate Health Care, Florida’s Largest Nursing Home Company, Faces Quarter-Billion-Dollar Fraud Judgment.” Naples Daily News, July 2, 2020.

<https://www.naplesnews.com/story/news/local/florida/2020/07/02/consulate-health-care-florida-fraud-reinstated-judgment-255-million/3278365001/>; Jared Whitlock. “Nursing Home Chain’s Tangled Corporate Structure and Bankruptcy Threats Stymied Litigation.” STAT, August 5, 2022. <https://www.statnews.com/2022/08/05/consulate-health-care-litigation-tangled-corporate-structure-bankruptcy/>.

¹⁸ Jared Whitlock. “Nursing Home Chain’s Tangled Corporate Structure and Bankruptcy Threats Stymied Litigation.” STAT, August 5, 2022. <https://www.statnews.com/2022/08/05/consulate-health-care-litigation-tangled-corporate-structure-bankruptcy/>.

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¹⁹ Jared Whitlock. "Nursing Home Chain's Tangled Corporate Structure and Bankruptcy Threats Stymied Litigation." STAT, August 5, 2022. <https://www.statnews.com/2022/08/05/consulate-health-care-litigation-tangled-corporate-structure-bankruptcy/>.