

# Corporate churning associated with lower nursing home quality

May 2 2016

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Over the last two decades, thousands of nursing homes have been bought and sold by corporate chains. A new study has found that these transactions are related to lower quality of care. The results of this study suggest that chains bought and sold nursing homes that were already having quality problems, and these quality issues persisted after the transaction. In nursing homes that underwent a transaction, quality problems were present both before and after the transaction occurred.

The research, led by David Grabowski, professor of [health care policy](#) at Harvard Medical School, measures the implications of corporate ownership changes, which policymakers have long worried negatively impacts nursing home [quality](#) of care. The findings are published in the May issue of the journal *Health Affairs*.

"A large number of mergers, sales and acquisitions have occurred over the past two decades among nursing home chains, and we wanted to see how residents living in these [nursing homes](#) were affected by these transactions," Grabowski said.

According to the study, around 1,200 to 2,000 nursing homes in the U.S. (7 to 13 percent) reported a transaction annually. The most commonly reported were mergers across chains. For the 10 largest chains, which contain 12 percent of all nursing homes, tremendous "churn" occurred in the study period; only two of the 10 chains did not experience any change in corporate ownership.

In spite of all these transactions, the researchers found that the organizational structure of the nursing home industry has remained relatively constant. For example, the proportion of nursing homes owned by a chain is the same today as it was in the late 1990s.

Grabowski and colleagues at the University of Michigan, the University of Rochester and Vanderbilt University studied the quality implications of these transactions.

"By comparing the quality of care in facilities that undergo a transaction with those that do not, we were able to calculate the quality implications of these transactions," said senior author Jane Banaszak-Holl, associate professor of health management and policy at the University of Michigan.

The authors found that nursing homes that underwent a chain-related transaction had more government deficiency citations than nursing homes that did not experience a transaction. Given the presence of low quality prior to these transactions, the authors could not conclude that the chain transactions led to declines in quality. Rather, the results suggested that these transactions are indicators of low quality nursing homes.

This result raises important issues for nursing home policy regarding ownership accountability, oversight and transparency. Going forward, the number of chain-related [transactions](#) could be a useful indicator of potential quality to consumers and their advocates, and best practices should include requiring nursing homes to make the notification of an impending sale publicly available.

The authors also suggest that more detailed data on chain ownership and quality is needed for both consumers and regulators. Policymakers should consider legislation that requires more detailed and

comprehensive reporting of ownership for nursing home chains.

Provided by Harvard Medical School

Citation: Corporate churning associated with lower nursing home quality (2016, May 2) retrieved 18 April 2024 from

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