

Politico Report Focuses on Private Equity, Nursing Homes and the Potential Impact on Care

Wisconsin facility subject of report

Politico has published a special report titled "[‘They Were Traumatized’: How a Private Equity-Associated Lender Helped Precipitate a Nursing-Home Implosion](#)," with the sub headline, "Advocates for elderly people say loans from private lenders are enabling nursing home operators to take cash out of their homes, jeopardizing their finances."

The report, which was published on Dec. 24, 2023, focuses on the plight of several nursing homes, including Atrium Health and Senior Living that was in Westin, Wisconsin before it, according to the report, closed abruptly in 2018. The report maintains, "Atrium had borrowed money from a company called MidCap Financial, an affiliate of private equity giant Apollo Global Management...The loan enabled Atrium's owners to take money out of their business, even as bills for essentials went unpaid, putting Atrium on the path to ruin."

The report asserts, "The relationship between the lender and the nursing home operator is symbiotic, with each feasting off of the steady stream of fees from Medicare, Medicaid, and private insurers. That has left vulnerable residents—elderly people nearing the end of their lives—at risk of being displaced when the empires crumble. State taxpayers are often left to pick up the pieces."

The report found that "Medicare and Medicaid spend more than \$100 billion a year on nursing homes and continuing care retirement communities and an ever-larger share of federal dollars goes to skilled nursing facilities which are either owned outright by private equity funds or [...] are financed by a private equity-linked lender." The report referred to academic and consumer advocates who said, "Private equity's focus on short-term revenue generation may align poorly with the practices needed to serve a vulnerable population."

Although the Centers for Medicare & Medicaid Services (CMS) published a [final rule](#) in November 2023 that will require Medicare and Medicaid nursing homes to disclose certain ownership, managerial and other information to CMS and the state Medicaid agency (see [November 22, 2023, The Valued Voice](#)), the report notes that patient advocacy groups are concerned the final rule might not cover some of the arrangements. The report pointed out that the CMS rule cited studies concluding that private-equity ownership of nursing homes could lead to reduced staffing, services, supplies or equipment, adversely impacting the quality of care, and were associated with higher Medicare costs and increases in emergency department visits and hospitalizations for chronic and acute illnesses.

The Politico report comes a month after the Wisconsin Department of Health Services released its [study](#) of the long-term care system in Wisconsin. The DHS study highlighted the challenges hospitals have discharging long-term care patients to appropriate and safe settings. The study noted not only the substantial financial burden for hospitals related to avoidable hospital days, but also the community-wide impact of reduced hospital bed capacity for patients who need hospital-level care.

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