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Final CMS Rule Requires SNFs to Reveal PE, REIT Owners; What's the 'End Game'?

By Nina Youngstrom

CMS has finalized a rule that will lay bare the ownership of skilled nursing facilities (SNFs) if it's a private equity company or real estate investment trust (REIT). The rule, which was published in the Nov. 17 *Federal Register*, said CMS will revise the Medicare 855 enrollment form to require owning and managing entities of SNFs to disclose whether they're a private equity company or REIT and require disclosure of SNF managers and owners.^[1] The requirements dovetail with provider enrollment changes in the 2023 and 2024 Medicare Physician Fee Schedule (MPFS) rules.

CMS says the goal of the new ownership transparency rule, which implements Sec. 6101(a) of the Affordable Care Act, is "to improve care and accountability." It comes amid mounting concern about the quality of care in SNFs, especially when they're owned by private equity and other types of investment firms. For example, the National Bureau of Economic Research in February 2021 published an analysis that concluded private equity (PE) ownership "increases the short-term mortality of Medicare patients by 10%," according to the preamble to the rule. "We believe these and other studies, combined with our obligation to protect Medicare beneficiaries, justify our efforts to gather PEC [private equity companies] and REIT data so that we can examine the extent to which these entities' ownership of facilities impacts patient care."

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