



Nursing Homes

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Portland, ME | November 20, 2019

Background

- 1959 – Congress created the National Housing Act
- 1965 – HUD was created and began overseeing nursing homes



Background

March 8, 2018

HUD insured 2,458 mortgages

Mortgages exceeded \$19.6 billion

48 States and DC (none in ND and WY)



Background

HUD Nursing Home Classifications

Troubled: 118 Nursing Homes, \$787 million

Potentially Troubled: 867 Nursing Homes,
\$6,949 million

Not Troubled: 1,456 Nursing Homes, \$11,665
million

Not Classified: 17 Nursing Homes, \$217 million



Background

Financial Indicators

Utilization

Mortgage Payments

Profitability

Solvency

Financial Indicators (Delinquency)



Finding 1: HUD's Monitoring Was Not Effective at 18 Nursing Homes

4 Nursing Homes with Defaults

Plaza Village Senior Living – 6 ½ years

Immanuel Campus of Care – 5 ½ years

Mary Scott Nursing Center – 5 ¼ years

Bel-Air Nursing Home – 1 ¾ years

Unpaid Principal Balance \$40.4 million



Finding 1: HUD's Monitoring Was Not Effective at 18 Nursing Homes

2007 – HUD insured a \$43.1 million mortgage at Jamaica Hospital Nursing Home

HUD granted a 6-month waiver to the single-asset requirement

Nursing home was related to a hospital



Finding 1: HUD's Monitoring Was Not Effective at 18 Nursing Homes

Jamaica Hospital Nursing Home

December 31, 2016 audited financial statements

Nursing home owed the hospital \$44.4 million in accounts payable

Hospital charged more than \$8.9 million in unsupported expenses to the nursing home



Finding 1: HUD's Monitoring Was Not Effective at 18 Nursing Homes

Jamaica Hospital Nursing Home

When we brought these issues to HUD's attention, it stated that the nursing home must renegotiate its relationship with the related hospital and retroactively adjust amounts charged from 2007 through 2018.



Finding 1: HUD's Monitoring Was Not Effective at 18 Nursing Homes

HUD misclassified 9 nursing homes as Potentially Troubled when they should have been classified as Troubled

Jamaica Hospital should have been classified as troubled because the independent auditors reported substantial doubt about the nursing home's ability to continue to operate.



Finding 2: HUD Did Not Hold Owners, Operators, and Lenders Accountable for Submitting Inaccurate, Incomplete, Conflicting, and Untimely Financial Data



Finding 2: Financial Data

Since 2015, HUD had collected and reviewed quarterly financial data (2 mortgages were paid off before the requirement). We found:

- 10 Nursing Homes had Inaccurate data
- 12 Nursing Homes had Incomplete data
- 12 Nursing Homes had Conflicting data
- 16 Nursing Homes had Late data



Finding 2: Financial Data

Inaccurate Data

- Golden Hill Health Care Center reported a negative 6 million in expenses.

Untimely Data

- Bel-Air Nursing Home submitted its quarterly operator financial statements 116 to 299 days after the end of the quarter.



Appendix C – Bishop Wicke Health and Rehabilitation Center

2012 – HUD insured a \$9.5 million mortgage at the 120-bed nursing home in Shelton, CT

A patient fell, suffered head trauma and later died due to his injury.



Audit Results

Ineligible Costs of \$7.8 million

Unsupported Costs of \$8.9 million

Funds to be put to Better use of \$85.9 million



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Audit Report Number: 2018-BO-0001

September 17, 2018



New York Times

A Nursing Homes Chain's Collapse Leaves the Government on the Hook

May 31, 2019

The owners stopped making mortgage payments on the Rosewood Care Centers, barely a year after buying it in 2013.



New York Times

The business defaulted last year on \$146 million in government-backed mortgages – the biggest collapse in history.



New York Times

By the government's own admission, the federal agency's [i.e. HUD] stewardship of the program has been haphazard. Its own oversight of nursing homes has been weak. When HUD officials have spotted problems, they often have been slow to respond. Sometimes it has taken years to intervene, allowing the finances at certain facilities to unravel to such an extent that the quality of care was undermined.



New York Times

Rosewood never filed the financial statements required by the program.

In October, the agency [i.e. HUD] filed a complaint seeking nearly \$1 million in penalties for failing to file required financial reports.



New York Times

Dozens of Nursing Homes With HUD-Backed Mortgages Have ‘Serious Deficiencies’

June 24, 2019

Rosewood’s collapse underscored the HUD inspector general’s complaints about lax oversight of the program, including slow responses to homes’ financial problems and a failure to require timely filing of financial reports.

