



## 103RD GENERAL ASSEMBLY

### State of Illinois

2023 and 2024

HB2843

Introduced 2/16/2023, by Rep. Suzanne M. Ness

#### SYNOPSIS AS INTRODUCED:

210 ILCS 45/3-305.10 new

Amends the Nursing Home Care Act. Provides that a for-profit facility licensed under the Act shall disclose data regarding the lease or rental of the facility by a real estate partnership owning the facility to a business operating the facility in any cost report submitted by the facility to the State. Provides that the provisions only apply to a facility that is leased or rented by its owner to a related party of the owner. Contains specified data to be disclosed by a for-profit facility under the Act with each cost report filed with the Department of Healthcare and Family Services. Requires the information disclosed to be filed with the Department's Bureau of Health Finance within 90 days after the end of each fiscal year. Requires the Department to publish the information on its website for general viewing and in an annual report to the General Assembly. Requires the Auditor General to submit an annual audit report to the General Assembly concerning the quality of care, financial practices, and statewide oversight of Illinois' facilities. Provides that any individual who has an ownership interest in a facility that is placed on the federal Special Focus Facility List published by the Centers for Medicare and Medicaid Services or its list of candidates for that List shall not obtain an ownership interest in another facility in the State until the facility has been removed from and remains off of the Special Focus Facility List or the list of candidates for that List for a period of 2 years. Provides that, within 90 days after the effective date of the amendatory Act, all long-term care providers operating or maintaining a facility shall notify the Department of all individual owners and any individuals or organizations that are part of a limited liability company with ownership of that facility and the percentage of ownership of each owner. Provides that this ownership reporting requirement does not include individual shareholders in a publicly held corporation. Requires the Department, in collaboration with any other relevant State agency, to work to improve State data collection forms for facilities to ensure that all relevant information is provided. Provides that State regulators shall perform specified duties.

LRB103 30098 CPF 56522 b

A BILL FOR

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Nursing Home Care Act is amended by adding  
5 Section 3-305.10 as follows:

6 (210 ILCS 45/3-305.10 new)

7 Sec. 3-305.10. Rental data disclosure; facility cost  
8 report; ownership interests.

9 (a) In this Section:

10 "Department" means the Department of Healthcare and Family  
11 Services.

12 "Real estate partnership" means any combination of  
13 domestic or foreign corporations, limited liability companies,  
14 limited liability partnerships, subsidiaries, management  
15 companies, general partnerships, sole proprietorships, limited  
16 liability partnerships, or any other legal entities recognized  
17 under Illinois law that hold real estate together.

18 "Related business entity" means one of 2 or more entities  
19 where:

20 (1) the entities have (i) significant common purposes  
21 and substantial common membership or (ii) direct or  
22 indirect, substantial, and common direction or control;

23 (2) either entity owns, directly or through one or

1 more entities, a 50% or greater interest in the capital or  
2 profits of the other;

3 (3) the entities share a real estate partnership; or

4 (4) the owner or operator of either entity has a  
5 familial relationship or is a related party to a person  
6 who is an owner or operator of the other entity.

7 "Related party" includes a person's parent, stepparent,  
8 child, spouse, sibling, cousin, or other family member.

9 (b) A for-profit facility licensed under this Act shall  
10 disclose, with each cost report filed with the Department,  
11 data regarding the lease or rental of the facility by a related  
12 business entity that owns the facility to a business operating  
13 the facility that is submitted as a cost report by the facility  
14 to the State. The data shall include the following:

15 (1) Any new company created by an investor or a  
16 related party of an investor in the facility to hold a real  
17 estate asset of the facility, including the value of any  
18 building on the real estate, the value of the real  
19 property itself, and the value of the company itself.

20 (2) Information regarding the rental or provision of  
21 ventilators, pharmaceutical supplies, ambulances,  
22 management and professional services, or payroll services  
23 to any facility that is leased or rented by the facility's  
24 property owner, business owner, or a related party of the  
25 property owner or business owner. This information  
26 includes, but is not limited to, the following:

1           (A) General services, such as dietary,  
2           housekeeping, laundry, maintenance, nonemergency  
3           transport, or food services.

4           (B) Health care and program services, such as the  
5           facility's medical director, nursing and medical  
6           records, therapy, activities, certified nursing  
7           assistant training, program transportation, and  
8           special services.

9           (C) General administration services, such as  
10           professional services, payroll services, clerical and  
11           general office services, data processing, in-service  
12           training and education, staff and resident  
13           transportation, consulting services, project manager  
14           services, and associated services.

15           (D) Capital expenses and services, such as  
16           facility rent, leases, grounds, equipment, supplies,  
17           and vehicles.

18           (E) Ancillary expenses.

19           (F) Contractual services, such as:

20                   (i) lobbying services;

21                   (ii) association dues; and

22                   (iii) campaign contributions.

23           (3) Detailed information on any declaration of  
24           bankruptcy, as well as any sale of any privately or  
25           publicly held real estate to a real estate investor,  
26           investment trust, or private equity firm. This information

1 includes, but is not limited to, the following:

2 (A) Any required filings by a board of trustees  
3 under any other law and disclosure of the names of the  
4 president, leadership board, and members of the  
5 corporation, limited liability company, limited  
6 liability partnership, subsidiary, management company,  
7 general partnership, sole proprietorship, limited  
8 liability partnership, or other legal entity  
9 recognized under any State or federal law or rule.

10 (B) Documentation that includes, but is not  
11 limited to, annual filings with the Secretary of State  
12 and any relevant federal filings.

13 (C) Identification of entities that have either a  
14 significant ownership interest, meaning at or greater  
15 than 0.01%, in the facility or that play an important  
16 role in the facility's management, financing, or  
17 operation.

18 (4) Details of any private equity backing of the  
19 facility.

20 (5) Information on the interest rates and other terms  
21 of loans and credit provided by related business entities.

22 (6) All income and expenses related to the business  
23 entity in question, from gross and net revenues to gross  
24 and net expenses, including, but not limited to, any  
25 expenses paid to management companies regarding the real  
26 property.

1           (7) In a form that protects the privacy rights of  
2           residents, the facility's spending relating to Medicaid  
3           and Medicare and the amounts of State and federal funds  
4           received or spent by the facility.

5           (c) The disclosure required under subsection (b) shall be  
6           filed with the Department's Bureau of Health Finance within 90  
7           days after the end of each fiscal year. The Department shall  
8           publish the information collected on the Department's website  
9           for general viewing and in an annual report to the General  
10           Assembly. The report to the General Assembly shall also  
11           include recommendations based on annual findings.

12           (d) Any individual who has an ownership interest in a  
13           facility that is placed on the federal Special Focus Facility  
14           List published by the Centers for Medicare and Medicaid  
15           Services or its list of candidates for that List shall not  
16           obtain an ownership interest in another facility in the State  
17           until the facility has been removed from and remains off of the  
18           Special Focus Facility List or the list of candidates for that  
19           List for a period of 2 years.

20           (e) Within 90 days after the effective date of this  
21           amendatory Act of the 103rd General Assembly, all long-term  
22           care providers operating or maintaining a facility shall  
23           notify the Department of all individual owners and any  
24           individuals or organizations who are part of a limited  
25           liability company with ownership of that facility and the  
26           percentage of ownership of each owner. This ownership

1 reporting requirement does not include individual shareholders  
2 in a publicly held corporation. In this subsection, "long-term  
3 care provider" has the same meaning as defined in Section 5B-1  
4 of Article V-B of the Illinois Public Aid Code.

5 (f) The Department, in collaboration with any other  
6 relevant State agency, shall work to improve State data  
7 collection forms for facilities to ensure that all relevant  
8 information is provided.

9 (g) Notwithstanding any other provision of law to the  
10 contrary, State regulators shall determine whether facilities  
11 are paying fair market prices for services and goods provided  
12 by related business entities, compel facility chief executive  
13 officers to personally sign annual disclosure reports pledging  
14 that such goods and services were purchased from related  
15 parties at fair market rates, or both.