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With the largest-ever buyout of a national nursing home chain pending...

New York Times Exposes Harm to Seniors after Private Equity Buyouts of Nursing Homes

Findings Raise Serious Concerns for Mich. Seniors in Massive, Pending Carlyle Group Takeover of HCR Manor Care

SEIU Calls on Carlyle to Ensure Buyout Doesn't Worsen Care

WASHINGTON, DC – A stunning front page exposé by the *New York Times* Sunday details how cuts to staffing and operations at nursing homes bought by private equity firms across the country have enriched top executives and buyout firms but left residents worse off. The newspaper's investigation raises serious concerns for nursing home residents in Michigan as huge buyout firm the Carlyle Group finalizes this fall what will be the largest-ever takeover of a nursing home chain, the [\\$6.3 billion buyout of HCR Manor Care](#). Manor Care runs 27 nursing homes in Michigan with 3,366 resident beds.

Last week, the nation's largest healthcare workers union, SEIU, launched a nationwide effort calling on Carlyle to put patient care above CEO profits in the Manor Care takeover. For more, visit www.CarlyleFixManorCareNow.org

The [New York Times' investigation](#) found:

- **Serious Quality of Care Deficiencies** -- *“Serious quality-of-care deficiencies — like moldy food and the restraining of residents for long periods or the administration of wrong medications — rose at every large nursing home chain after it was acquired by a private investment group from 2000 to 2006, even as citations declined at many other homes and chains.”*
- **Staffing Cuts, Sometimes Below Legal Levels** -- *“At 60 percent of homes bought by large private equity groups from 2000 to 2006, managers have cut the number of clinical registered nurses, sometimes far below levels required by law. During that period, staffing at many of the nation's other homes has fallen much less or grown.”*
- **Byzantine Structures To Avoid Regulation, Responsibility** -- *“Private investment companies have made it very difficult for plaintiffs to succeed in court and for regulators to levy chainwide fines by creating complex corporate structures that obscure who controls their nursing homes...The Byzantine structures established at homes owned by private investment firms also make it harder for regulators to know if one company is responsible for multiple centers.*

And the structures help managers bypass rules that require them to report when they, in effect, pay themselves from programs like Medicare and Medicaid.”

- **Increased Profits for Private Equity Firms** -- *Private equity firms “have acquired nursing homes, they have often reduced costs, increased profits and quickly resold facilities for significant gains... Those homes, on average, were 41 percent more profitable than the average facility.*

Read the full article on the [New York Times website](#).

In recent years, large private investment groups have agreed to buy 6 of the nation’s 10 largest nursing home chains, containing over 141,000 beds, or 9 percent of the nation’s total. Private investment groups own at least another 60,000 beds at smaller chains and are expected to acquire many more companies as firms come under shareholder pressure to sell, according to the *New York Times*.

Pending Carlyle Takeover of HCR-Manor Care Largest-Ever

With more than 37,000 resident beds nationwide, HCR Manor Care, based in Toledo, Ohio, is one of the largest nursing home providers in the country. Carlyle has thus far refused to discuss specific plans for the reorganization and operations of Manor Care, but the company has indicated an interest in closing the deal by the end of the year and the shareholder vote on the merger is scheduled for mid-October.

During the most recent survey cycle, Manor Care’s Michigan homes were cited for a total of 268 federal health standards violations. Furthermore, over the past three survey cycles, the number of federal health standards violations cited at Manor Care nursing homes in Michigan has more than doubled.ⁱ

These violations include:

- The daughter of a resident who was totally dependent on facility staff for her care and could not speak found ants crawling on her mother’s mouth. Facility staff agreed that there was a problem with ants on the unit where the resident lived.ⁱⁱ
- Residents were given unnecessary physical restraints.ⁱⁱⁱ
- A resident had an aide refuse to change her soiled adult brief; after sitting in feces for 5 hours, the resident called the police to report resident abuse.^{iv}
- A resident developed a necrotic pressure sore.^v

The takeover will result in a windfall of as much as \$254 million for top ManorCare executives and directors, including as much as \$186 million for Manor Care CEO Paul Ormond. Carlyle stands to reap fees on the deal that could total hundreds of millions of dollars. The CEO windfalls, fees, and the high level of debt that Manor Care will face as a result of the buyout raise serious concerns for nursing home staff trying to provide quality care, the taxpayers who money helps fund Manor Care’s operations and most importantly for Manor Care residents.

On September 19, the nation's largest healthcare workers union, SEIU, launched a new nationwide effort calling on Carlyle to put patient care above CEO profits in the Manor Care takeover.

Seeking to ensure quality care and safe staffing at Manor Care-run homes after the buyout is completed, SEIU is calling on the Carlyle Group to:

1. Ensure that its nursing homes are in compliance with federal minimum resident care regulations at all times.
2. Ensure that its nursing homes are staffed at levels recommended by the Federal Government.
3. Disclose the impact of its Manor Care buyout to the nursing home residents, workers and taxpayers in each state.
4. Structure its buyout so that Manor Care staff has a role in the reorganization and benefit from its outcome.
5. Create a Quality Care Fund and a new advisory committee comprised of Manor Care staff, resident advocacy groups and other stakeholders to improve patient care in all Manor Care homes.

For more info, visit www.CarlyleFixManorCareNow.org

ⁱ Based on information from "About the Nursing Home – Inspections," Centers for Medicare and Medicaid Services Nursing Home Compare data, downloaded 8/23/2007.

ⁱⁱ Heartland Health Care Center – Kalamazoo, certification survey dated 12/26/2006.

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^{iv} Heartland Health Care Center – Georgian Bloomfield, certification survey dated 3/2/2007.

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