

Updated: February 2025

## APPLICATION FOR NURSING HOME ACQUISITION

Before acquiring a nursing home, a person must obtain approval from the Maryland Health Care Commission in accordance with Health-General § 19-120.2, COMAR 10.24.01.21 and COMAR 10.24.20.06 unless the acquisition only involves changes of ownership among existing owners of the nursing home.

An acquisition means any transfer of stock or assets that results in a change of the person or persons who control a health care facility; or the transfer of any stock or ownership interest in excess of 25 percent.

The definition of “acquisition” includes:

1. Transfers of stock or assets of the owner of the real property and improvements, bed rights<sup>1</sup>, or operation of the nursing home or any combination thereof.
2. An affiliation agreement between non-profit entities that change the person who controls a nursing homes operation or assets; and
3. A lease agreement that changes the person who controls the nursing homes operation.

The application pages must be consecutively numbered at the bottom of each page. Exhibits attached to subsequent correspondence during the review process shall use a consecutive numbering scheme, continuing the sequencing from the original application.

### SUBMISSION FORMATS:

This application, attachments or exhibits and the applicant’s responses to any follow up questions shall be submitted to [mhcc.confilings@maryland.gov](mailto:mhcc.confilings@maryland.gov) in both searchable PDF and WORD at least sixty (60) days prior to the desired closing date. Also 60 days before the closing date, a notice of the acquisition must be provided to the facility staff and residents.

**Note that an affirmation regarding the accuracy of the information provided must be signed by an authorized individual.**

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<sup>1</sup> “Bed rights” means the legal rights associated with the Commission’s approval of nursing home beds, including the right to sell the beds to another person, but does not include approvals required by other State or federal entities

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## PART I – GENERAL INFORMATION

### 1. Facility Name and Address:

Tax ID:

Medicare/Medicaid Certification:

Applicant:

Please provide a narrative summarizing the proposed acquisition:

### 2. OWNERSHIP

Identify each person with a 5% or more ownership interest<sup>2</sup> in the acquiring entity or a related or affiliated entity<sup>3</sup>;

the percentage of ownership interest of each such person;

and the history of each such person's experience in ownership or operation of health care facilities.

**This information should be included in Attachment A.**

Attach a chart that completely delineates the ownership structure, including the relationship between the owners of:

- A. The real property and improvements;
- B. Bed rights; and
- C. Operator

Ownership: current and post-transaction

The name and address of the owner of the real property and improvements.<sup>4</sup>

Current	Post-transaction
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<sup>2</sup> "Ownership interest" means an owner, former owner, member of senior management or management organization, or current or former owner or senior manager of any related or affiliated entity during the past three years.

<sup>3</sup> "Related or affiliated entity" means any parent or subsidiary, or affiliate and includes any business, corporation, partnership, limited liability company or other entity.

<sup>4</sup> If the transaction involves only changes to the real property ownership and the owner of the real property will not exercise any ownership or control in the operations of the facility, the acquiring entity may request an exemption from the acquisition approval process by completing FORM plus AFFIDAVIT.



The name and address of the owner of the bed rights (i.e., the person/entity that could sell the beds to a third party).

Current	Post-transaction
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The name and address of the operator of the facility.

Current	Post-transaction
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### 3. ADDITIONAL INFORMATION ABOUT THE ACQUIRING ENTITY

Is the entity acquiring the nursing home a private equity company?<sup>5</sup>

Identify any persons not identified above that does or will do any of the following:

- (1)
  - (i) Exercise operational, financial, or managerial control over the facility or a part thereof;
  - (ii) Provides policies or procedures for any of the operations of the facility; or
  - (iii) Provides financial or cash management services to the facility.
- (2)
  - (i) Leases or subleases real property to the facility; or
  - (ii) Owns a whole or part interest equal to or exceeding 5 percent of the total value of such real property.
- (3) Provides:
  - (i) Management or administrative services;
  - (ii) Management of clinical consulting services; or
  - (iii) Accounting or financial services to the facility.

### 4. BEDS BY JURISDICTION AND REGION

Number and percentage of nursing home beds in the jurisdiction and health planning region (HPR) controlled by the acquiring entity (or by an entity in which a person in the ownership structure of the acquiring entity has an interest, specifying each person, facility, and interest) before and after the proposed acquisition.

Jurisdiction Before	Jurisdiction After
HPR Before	HPR After

<sup>5</sup> Private equity company (for Medicare purposes): A publicly traded or non-publicly traded company that collects capital investments from individuals or entities (like investors) and purchases a direct or indirect ownership share of a provider.



## 5. FINANCIAL CAPACITY

Submit documentation that demonstrates the acquiring entity's ability to operate the newly acquired facility for 90 days. Include either audited financial statements or a letter from a certified CPA demonstrating working capital.

## 6. NOTICE TO RESIDENTS, RESIDENT REPRESENTATIVES AND EMPLOYEES

Provide a copy of the notice that has or will be provided to residents, resident representatives, and employees of the nursing home to be acquired. Specify the manner in which and date the notice has been provided.

## PART II – TRANSACTION INFORMATION

7. Anticipated date of closing or transfer:
8. Purchase price:
9. Source of funds:
10. Will the acquiring entity be taking automatic assignment of the existing Medicare provider number?

## PART III- FACILITY INFORMATION

11. Describe the health care services provided by the facility:
12. Bed capacity:
13. Number of admissions for the prior calendar year:
14. Gross operating revenue generated during the last fiscal year:
15. Detail any management contracts at the facility:

## PART IV-CONSISTENCY WITH ACQUISITION APPROVAL STANDARDS AT COMAR 10.24.20.06(B)

**INSTRUCTION:** Each applicant must respond to all standards included in COMAR 10.24.20.06 listed below.

Please provide a direct, concise response explaining the project's consistency with each standard. In cases where demonstrating compliance with a standard requires the provision of specific documentation, please include the documentation as a part of the application.

10.24.20.06 SHP Nursing Homes Services: Acquisitions of Nursing Homes

A person seeking to acquire a nursing home shall meet the following acquisition approval standards.

**(1) Quality.**

An applicant shall meet the quality standard outlined in Regulation COMAR 10.24.20.05(A)(8): The applicant shall demonstrate that it will provide high quality of care, as determined by an assessment of the following information requested in(a)-(g). **Please complete Attachment B and provide any additional narrative response required.**

- (a) An applicant shall report on its overall CMS Five Star Rating for all the nursing homes owned or operated by the applicant or a related or affiliated entity for three years or more, for the five quarterly refreshes for which CMS data is reported preceding the date of the applicant's letter of intent submission, or submission date for other Commission approval.
  - (i) If the applicant or a related or affiliated entity owns or operates one or more nursing homes in Maryland, the CMS star ratings for Maryland facilities shall be used.
  - (ii) If the applicant or a related or affiliated entity does not own or operate nursing homes in Maryland, the applicant shall select the state or states in which it owns the most facilities and the CMS star ratings for such facilities shall be used.
- (b) If any facilities identified under paragraph (a) has an average star rating below 3 stars, the applicant shall provide a detailed quality rating analysis demonstrating good cause for not meeting the CMS star rating threshold and that the applicant is likely to provide adequate quality of care in the nursing home subject to the request.
- (c) The applicant shall address whether any nursing home currently or previously owned by the applicant or a related or affiliated entity, within or outside the State, for the period of 3 years immediately preceding the submission of the letter of intent or request for other Commission approval was the subject of an enforcement action, a special focus facility designation, or a deficiency involving serious or immediate threat, actual harm, or immediate jeopardy to a resident. The applicant shall describe what measurable efforts it has taken to address the deficiencies.
- (d) The applicant shall address whether any nursing home currently or previously owned by the applicant or a related or affiliated entity, within or outside the State, for the period of 3 years immediately preceding the submission of the letter of intent or request for other Commission approval was the subject of a lawsuit judgment or an arbitration finding, following a complaint filed by a resident, resident representative, or a government agency. The applicant shall provide an explanation of the circumstances surrounding the judgment or finding and subsequent actions taken.
- (e) An applicant shall demonstrate appropriate infection prevention and control by providing the percent of residents receiving COVID, flu and pneumonia vaccinations, and the percent of staff receiving COVID, flu and pneumonia vaccinations at the nursing homes identified under (a).
- (f) If the applicant or a related or affiliated entity owns or operates or previously owned

Maryland nursing homes, it shall report its rating of overall care and percent satisfied for the most recent three years on the MHCC Family Experience of Care Survey, reporting on any trends in the results. If the facility's average rating of overall care is below 7.0, the applicant shall document efforts to improve the facility's rating. If the facility's average percent satisfied overall rating is below 70 percent, the applicant shall document efforts to improve the facility's rating.

**(g) Quality Assurance.**

- (i) An applicant shall demonstrate that it has an effective quality assurance program in each nursing home facility that is owned or operated by the applicant or a related or affiliated entity for the period of 3 years immediately preceding the submission of the request for other Commission approval by providing the Commission with a schedule of its quarterly Quality Assurance meetings.
- (ii) An applicant that has never owned or operated a nursing home shall provide documentation that demonstrates a thorough understanding of assessing quality assurance in a long-term care facility or related facility/program. Include any documentation of a prior assessment that reviewed quality metrics, a review of operations, and regulatory compliance and include any subsequent follow up in the form of actions taken, results, or improvement plans

**(2) Multi-bedded Rooms.**

If the nursing home to be acquired contains any resident rooms with more than two beds, submit a detailed plan outlining how the applicant intends to eliminate the resident rooms containing more than two beds within 3 years of the acquisition approval.

**(3) Medicaid Participation.**

Except for nursing home beds contained in a continuing care requirement community exempt from CON regulation under § 19-114(d)(2)(ii) of the Health-General Article, an applicant for acquisition approval shall agree to serve and maintain a proportion of Medicaid days at the acquired facility that is at least equal to the proportion of Medicaid days in all other nursing homes in the jurisdiction or region, whichever is lower, calculated in accordance with COMAR 10.24.20.05A(2)(b).

The link to this information is:

[https://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs\\_ltc/hcfs\\_ltc.aspx](https://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_ltc/hcfs_ltc.aspx)

#### **(4) Public Interest.<sup>6</sup>**

An applicant shall demonstrate the proposed acquisition is in the public interest and will benefit residents, employees and the community.

#### **Attachments:**

Affirmation

Ownership Organization Chart

Notice to Employees and Residents

Attachment A

Attachment B

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<sup>6</sup> "Public interest" means the interests of the public in protecting competitive and accessible health care markets for prices, quality, choice, accessibility, and availability of all health care services for local communities, regions, or the State as a whole.



## AFFIRMATION:

*The undersigned is the owner(s), or Board-designated official of the proposed or existing facility.*

*If the owner(s), or Board-designated official of the proposed or existing facility, is unable to sign, one or more persons shall be officially authorized in writing to sign for and act for the owner(s), or Board-designated official of the proposed or existing facility for the project which is the subject of this application. Copies of this authorization shall be attached to the application.*

I hereby declare and affirm under the penalties of perjury that:

1. The services at the acquired facility will not change as a result of this acquisition;
2. Within the last ten years:<sup>7</sup>
  - (a) No current or former owner or senior manager of the facility, of the operator, of the management organization, if any, or of any related or affiliated entity:
    - (i) Has been convicted of a felony or pleaded guilty, nolo contendere, entered a best interest plea of guilty, or received a diversionary disposition regarding a felony; or
    - (ii) Has received a determination of exclusion from participation in Medicare or State health care programs, with respect to a criminal conviction or civil finding of Medicare or Medicaid fraud or abuse; and
  - (b) Neither the facility, the operator, the management organization, if any, nor a current or former related or affiliated entity:
    - (i) Has been convicted of a felony or pleaded guilty, nolo contendere, entered a best interest plea of guilty, or received a diversionary disposition regarding a felony;
    - (ii) Has received a determination of exclusion from participation in Medicare or State health care programs, with respect to a criminal conviction or civil finding of Medicare or Medicaid fraud or abuse; or
    - (iii) Has paid fines or penalties in excess of \$10,000,000 with or without an admission or finding of guilt with respect to any criminal or civil charges relating to Medicare or Medicaid fraud or abuse;
3. The facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief.

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<sup>7</sup> If the applicant is unable to satisfy this affirmation, the applicant may show evidence as to why this rule should not be applied if all of the individuals involved in the fraud or abuse are no longer associated with the entity (or any of the related or affiliated entities) and each entity has fully complied with each applicable plan of correction and, if applicable, with each condition of the imposition of a civil penalty or agreed disposition.



4. The acquiring entity agrees to serve and maintain a proportion of Medicaid days at the acquired facility that is at least equal to the proportion of Medicaid days in all other nursing homes in the jurisdiction or region, whichever is lower.

Date:

Signature [Name and Title]  
[Company] [Address] [Phone] [E-mail]



## OWNERSHIP ORGANIZATION CHART

Attach a chart that completely delineates the ownership structure.  
Include the relationship between the owners (real property, bed rights, and operator).



## NOTICE TO EMPLOYEES, RESIDENTS AND RESIDENT REPRESENTATIVES

Date: \_\_\_\_\_

Dear Employees and Residents of \_\_\_\_\_ :  
[Name Of Facility]

This notice is to inform you that \_\_\_\_\_  
[Name Of Acquiring Person]

plans to become an owner of the \_\_\_\_\_ of this  
[Land and Building / Bed Rights<sup>1</sup> / Operations]

nursing home. This change is scheduled to happen on \_\_\_\_\_  
[Date]

\_\_\_\_\_ asked the Maryland Health Care Commission,  
[Name Of Acquiring Entity]

<https://mhcc.maryland.gov/>, to approve this change of ownership.

You have the right to submit comments about this planned change to the Commission.

**Your comments must be received by** \_\_\_\_\_  
[30 days after filing of request for acquisition approval]

Send all comments to:

Maryland Health Care Commission

[mhcc.confilings@maryland.gov](mailto:mhcc.confilings@maryland.gov)

4160 Patterson Ave

Baltimore, MD 21215

410-764-3460

*Please post this notice in a location where it is available to both Employees and Residents. Additionally, hand deliver to each resident and mail to resident representatives.*

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<sup>1</sup> The owner of the bed rights makes decisions about how the nursing home beds are used and whether the beds are sold.

## ATTACHMENT A

Identify each person with an ownership interest in the acquiring entity or a related or affiliated entity; the percentage of ownership interest of each such person; and the history of each such person's experience in ownership or operation of health care facilities. Include the names and addresses of all healthcare facilities owned or operated by each individual within the last three years. (*This form is designed in WORD so that those completing it can expand the number of rows, as necessary.*)

<b>Column 1: Name each person with an ownership interest in the acquiring entity or a related or affiliated entity</b>	<b>Provide the % of ownership in the acquiring entity and any affiliated entity held by each owner named in column 1</b>		<b>Describe each person's experience in ownership or operation of health care facilities</b>
	<b>Column 2: % ownership in the acquiring entity</b>	<b>Column 3: % ownership in a related or affiliated entity (name and location of each entity)</b>	

## ATTACHMENT B

**(If the acquiring entity owns facilities in Maryland, use only Maryland facilities in the analysis. If the acquiring entity does not own Maryland facilities, choose the State or states with the largest number of facilities for the analysis).**

List facilities that are required for review under 10.24.20.05(8)	Each facility's quality rating based on the most recent CMS 5-star quality rating system <sup>1</sup>	Has the facility maintained quarterly QA? Provide the quarterly QA meeting schedule	Date of the survey and citations	Findings under 10.24.20.05(8)(c) and (d) <sup>2</sup> %	% of residents and staff receiving flu, COVID and pneumonia vaccines	Family satisfaction ratings

<sup>1</sup> <https://www.medicare.gov/care-compare/?providerType=NursingHome>

<sup>2</sup> The applicant shall address whether any nursing home currently or previously owned has been the subject of an enforcement action, a special focus facility designation, or a deficiency involving serious or immediate threat, actual harm, or immediate jeopardy to a resident or lawsuit judgment or an arbitration finding, following a complaint filed by a resident, resident representative, or a government agency. The applicant shall describe what measurable efforts it has taken to address the deficiencies.

