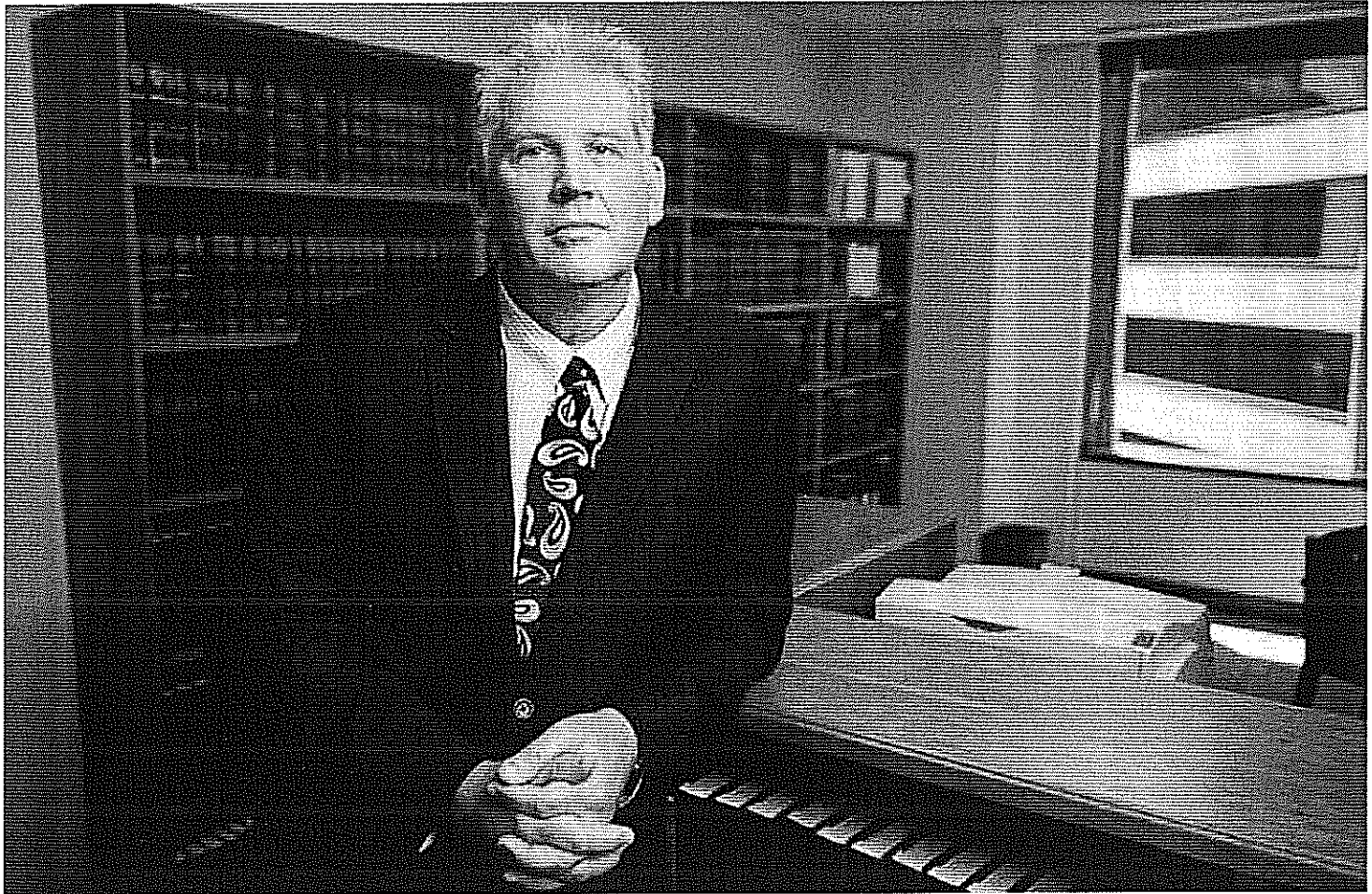


A face behind the name: Who are the people leading California's largest nursing home chains?

HIGHLIGHTS

Who are the people leading California's largest chains? They are an eclectic bunch and generally come from backgrounds in real estate, investment banking, high finance and law rather than health care.



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On any given day, someone, somewhere in California, will suddenly need skilled-nursing care. It does not come cheaply.

The average cost of private skilled-nursing care in California is estimated at \$93,500 annually, according to the Department of Health Care Services. The marketplace is competitive and potentially lucrative: In 2012, skilled-nursing facilities in California grossed \$9.7 billion in patient revenue, state figures show.

Despite such financial prospects, some chains do little to promote themselves or publicly market their services. Several ownership groups, particularly those that are privately held, operate in near-reclusion.

According to The Bee's review, 10 of the 24 largest chains operating in the state have no websites, or host minimal sites with few specifics about their facilities and locations.

The website for Longwood Management Corp., for instance, is a mostly blank page with the company's name, Los Angeles address and phone, and the suggestion that: "For more information please feel free to contact our corporate offices." A call to those offices leads to a recording, requiring the caller to have a specific name or extension to get through.

By comparison, Generations Healthcare and Golden LivingCenters – both among the state's largest chains – host detailed sites that include their facilities' names and addresses, mission statements, patient services and job opportunities.

Thomas Olds Jr., CEO and founder of Generations Healthcare, said he believes that having a robust Internet presence can be a valuable tool for consumers, though most referrals originate with doctors and hospitals.

"I wanted people to get the feel of our company, to get the feel of who we are and to get the feel for our buildings," he said.

Olds, whose company is based in Newport Beach, said he routinely visits his facilities and has come to know the names of many residents in addition to his staff.

But putting a human face on nursing-home ownership in California has grown difficult for both regulators and consumers, as private investment groups increasingly buy up nursing homes. The Securities and Exchange Commission requires publicly traded companies to disclose financial and management information to the public, but private companies are not subject to the same disclosure rules. According to the U.S. Government Accountability Office, more than 1,800 nursing homes nationwide were acquired by private investment firms from 1998 through 2008.

Though incomplete, the federal government's database reveals a broad spectrum of nursing-home ownership in California – from family trusts to pension funds to some of the biggest players on Wall Street. Tucked into the list of partial owners are household names: Bank of America, Bain Capital, Carlyle Partners, Citibank, General Electric Capital Corp.

The majority of the top executives associated with the 25 largest for-profit chains come from backgrounds in real estate, investment banking, high finance and law.

They are an eclectic bunch.

Shlomo Rechnitz, the state's largest nursing-home owner, for example, has a degree in Talmudic law from the Mir Institute in Jerusalem. Last year, he bought a kosher meat market in Los Angeles and, according to a 2013 deposition, also said he owns a candy company. He and his twin brother, Steve, were honored in 2012 with UCLA's ICON Award for Visionary Leadership in Business and Philanthropy.

Rechnitz's business associate, Sol Majer, who shares ownership in several homes, had previously been an executive with Worldwide Cosmetics of North Hollywood, whose products included China Glaze nail polish, Riky Wax, Gypsy Lashes and the Hotsie Totsie beauty line.

By contrast, the chief executive officer of the nation's largest nursing-home chain, Pennsylvania-based Genesis HealthCare, has a background in corporate finance. CEO George V. Hager Jr. is a certified public accountant with a Master of Business Administration from Rutgers, and is described in online biographies as an avid golfer who serves on numerous boards.

Mark Ballif, co-chief executive officer of Plum Healthcare, is a businessman and father of 10 who lives in Fallbrook, north of San Diego. Ballif graduated with honors from Brigham Young University with a bachelor's degree in philosophy and a master's in international relations, according to a speaker's biography posted online.

Jacob Wintner and Ira Smedra, who have ownership stakes in 38 facilities in California, come from the Southern California real estate sector. The pair have worked on deals together for decades as part of the ARBA Group, which owns shopping centers as well as nursing homes. Smedra recently added coffee shops to his investment portfolio.

Still another top executive, William C. Straub of Mariner Health Care, was once chief financial officer for a shopping cart manufacturer.

Eric Carlson of the National Senior Citizens Law Center said nursing-home hierarchies for decades have been dominated by people without hands-on health care experience.

Unlike hospital systems, where doctors and nurses wield considerable influence, skilled-nursing facilities rely on certified nurse assistants and a handful of nurses to run their day-to-day operations, he said. Medical doctors tend to have limited roles, he noted.

"The people who are providing the health care (in nursing homes) just don't have enough power within the operation," he said.

Instead, executives with backgrounds in real estate, finance and the hospitality industry rise to the top of the organizations, he said.

"The bottom line is, you've got somebody who is not that concerned about quality of care, who's treating nursing facilities as simply a money-making operation with no real interest in - or intuition for - the practice of providing care," he said.

Mark Reagan, legal adviser for the California Association of Health Facilities, disagreed with Carlson's assessment.

“There are many executives who grew up in long-term care who do have the care background,” Reagan said. “... I do see a lot of health care experience within the folks I deal with.”

And in today’s complex health care environment – growing ever more complicated under the Affordable Care Act – it is no surprise that many nursing-home executives come from big business and finance backgrounds, Reagan said. What matters, he said, is finding the right mix for the overall management team, blending various expertise.

Olds, CEO of Generations Healthcare, said he is tired of nursing homes being portrayed as the bad guys when “there are miraculous things we do, heroic things we do.

“We have stories every day that are remarkable, helping people turn their lives around,” he said.

Call The Bee’s Marjie Lundstrom, (916) 321-1055.

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