



Testimony Before the Subcommittee on  
Oversight and Investigations,  
Committee on Energy and Commerce,  
House of Representatives

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## NURSING HOME QUALITY

# Continued Improvements Needed in CMS's Data and Oversight

Accessible Version

Statement of John E. Dicken, Director, Health Care

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# GAO Highlights

Highlights of [GAO-18-694T](#), a testimony before the Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, House of Representatives

## Why GAO Did This Study

Approximately 15,600 nursing homes participating in the Medicare and Medicaid programs provide care to 1.4 million residents—a population of elderly and disabled individuals. To help ensure nursing home residents receive quality care, CMS defines quality standards that homes must meet to participate in the Medicare and Medicaid programs. To monitor compliance with these standards, CMS enters into agreements with state survey agencies to conduct on-site surveys of the state's homes and also collects other data on nursing home quality.

Although CMS and others have reported some potential improvements in nursing home quality, questions have been raised about nursing home quality and weaknesses in CMS oversight.

This statement summarizes GAO's October 2015 report, [GAO-16-33](#). Specifically, it describes (1) trends in nursing home quality through 2014, and (2) changes CMS had made to its oversight activities as of October 2015. It also includes the status of GAO's recommendations associated with these findings. GAO recently obtained information from CMS officials about steps they have taken to implement the 2015 GAO recommendations.

View [GAO-18-694T](#). For more information, contact John Dicken at (202) 512-7114 or [dickenj@gao.gov](mailto:dickenj@gao.gov).

September 2018

## NURSING HOME QUALITY

### Continued Improvements Needed in CMS's Data and Oversight

#### What GAO Found

GAO's October 2015 report found mixed results in nursing home quality based on its analysis of trends reflected in key sources of quality data that the Centers for Medicare & Medicaid Services (CMS) collects.

- An increase in reported consumer complaints suggested that consumers' concerns about nursing home quality increased.
- In contrast, trends in care deficiencies, nurse staffing levels, and clinical quality measures indicated potential improvement in nursing home quality.

GAO also found that data issues complicated CMS's ability to assess nursing home quality trends. For example:

- CMS allowed states to use different survey methodologies to measure deficiencies in nursing home care, which complicates the ability to make comparisons nationwide. GAO recommended that CMS implement a standardized survey methodology across states, and in November 2017 CMS completed national implementation.
- CMS did not regularly audit selected quality data including nurse staffing and clinical data (for example, on residents with pressure ulcers) to ensure their accuracy. GAO recommended CMS implement a plan for ongoing auditing of quality data. The agency concurred with this recommendation and has been conducting regular audits of nurse staffing data but does not have a plan to audit other quality data on a continuing basis. GAO continues to believe that regular audits are needed to ensure the accuracy and comparability of nursing home quality data.

GAO's October 2015 report found that CMS had made numerous modifications to its nursing home oversight activities. However, CMS had not monitored how the modifications might affect its ability to assess nursing home quality. GAO found that some modifications expanded or added new activities—such as creating new training for state surveyors on unnecessary medication usage—while others reduced existing activities. For example, CMS reduced the number of nursing homes participating in the Special Focus Facility program—which provides additional oversight of certain homes with a history of poor performance—by over half from 2013 to 2014. CMS officials told GAO that some of the reductions to oversight activities were in response to an increase in oversight responsibilities and a limited number of staff and financial resources. To help ensure modifications do not adversely affect CMS's ability to assess nursing home quality, GAO recommended that CMS monitor modifications of essential oversight activities to better understand the effects on nursing home quality oversight. CMS concurred with this recommendation and told us it has begun to take steps to address it. Such monitoring is important for CMS to better understand how its oversight modifications affect nursing home quality and to improve its oversight given limited resources.

Chairman Harper, Ranking Member DeGette, and Members of the Subcommittee:

I'm pleased to be here today to discuss our work on nursing home quality and the Centers for Medicare & Medicaid Services' (CMS) oversight of nursing homes. Nationwide, approximately 15,600 nursing homes provide care to about 1.4 million nursing home residents—a population of elderly and disabled individuals. To help ensure this population receives quality care, CMS defines the quality standards nursing homes must meet in order to participate in the Medicare and Medicaid programs.<sup>1</sup> To monitor compliance with these standards, CMS enters into agreements with state survey agencies to conduct required surveys, or evaluations, of the state's nursing homes.

For many years, we and the Department of Health and Human Services (HHS) Office of the Inspector General (OIG) have reported on problems in nursing home quality and on weaknesses in CMS's oversight.<sup>2</sup> As early as 1998, GAO reported on residents in California nursing homes who received unacceptable care that sometimes endangered their health and safety.<sup>3</sup> In the intervening two decades, across more than 20 reports, GAO has repeatedly reported on shortcomings both in the care some nursing home residents received and in the federal and state oversight of nursing home care. For example, a 1999 report found that complaint investigation processes were often inadequate to protect residents, and a 2008 report found federal oversight continued to demonstrate that state inspections understated serious care problems.<sup>4</sup> In response to identified

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<sup>1</sup>Medicaid, a federal-state health financing program for low-income and medically needy individuals, is the nation's primary payer of long-term services and supports for children and adults with disabilities and aged individuals. Medicare, the federal health insurance program for people age 65 and older, individuals under age 65 with certain disabilities, and individuals diagnosed with end-stage renal disease, covers some short-term skilled nursing and rehabilitative care for beneficiaries following an acute care hospital stay.

<sup>2</sup>See, for example, OIG, *Adverse Events in Skilled Nursing Facilities: National Incidence Among Medicare Beneficiaries*, OEI-06-11-00370 (Washington, D.C.: Feb. 2014).

<sup>3</sup>See GAO, *California Nursing Homes: Care Problems Persist Despite Federal and State Oversight*, [GAO/HEHS-98-202](#) (Washington, D.C.: July 27, 1998).

<sup>4</sup>See GAO, *Nursing Homes: Complaint Investigation Processes Often Inadequate to Protect Residents*, HEHS-99-80 (Washington, D.C.: Mar. 22, 1999) and *Nursing Homes: Federal Monitoring Surveys Demonstrate Continued Understatement of Serious Care Problems and CMS Oversight Weaknesses*, [GAO-08-517](#) (Washington, D.C.: May 9, 2008).

weaknesses, CMS and state survey agencies have made some changes in how they conduct oversight of nursing home quality, and some potential improvements in nursing home quality have been reported in recent years. For example, CMS has reported a decrease in the percentage of homes that were cited for serious health deficiencies from 2006 to 2014.<sup>5</sup> In addition, CMS and others have reported on improvements in specific nursing home clinical measures, such as reductions in the use of physical restraints, which can be a sign of improved quality of care.

However, as you know, news stories and reports continue to identify potential problems in nursing homes. For example, a July 2018 article from *Kaiser Health News* highlighted that new data collected by CMS to evaluate nurse staffing showed most nursing homes had fewer nurses and caretaking staff than they had previously reported to CMS, with frequent and significant fluctuations in day-to-day staffing.<sup>6</sup> As part of its ongoing work, the OIG determined CMS does not have adequate procedures in place to ensure incidents of potential abuse or neglect of Medicare beneficiaries in nursing homes are identified and reported.<sup>7</sup> In light of these concerns and a delay in enforcement of 2016 long-term care regulatory reforms, as well as a reduction in civil money penalties for non-compliance with federal health and safety requirements, 17 state attorneys general sent a letter urging CMS to implement the strengthened regulations and maintain penalties for non-compliance in May 2018.<sup>8</sup>

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<sup>5</sup>CMS, *Nursing Home Data Compendium 2015 Edition*.

<sup>6</sup>J. Rau, "Like a Ghost Town: Erratic Nursing Home Staffing Revealed Through New Records." *Kaiser Health News*, July 13, 2018, accessed August 27, 2018. <https://khn.org/news/like-a-ghost-town-erratic-nursing-home-staffing-revealed-through-new-records/>

<sup>7</sup>See Daniel R. Levinson, OIG, HHS, memorandum to Seema Verma, Administrator, CMS, *Early Alert: The Centers for Medicare & Medicaid Services Has Inadequate Procedures To Ensure That Incidents of Potential Abuse or Neglect at Skilled Nursing Facilities Are Identified and Reported in Accordance With Applicable Requirements*, A-01-17-00504 (Aug. 24, 2017).

<sup>8</sup>Attorneys General of California, Connecticut, the District of Columbia, Hawaii, Illinois, Iowa, Maryland, Massachusetts, Minnesota, Mississippi, New York, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, and Washington, letter to the Secretary of Health and Human Services and Administrator of CMS, *Regulation of Skilled Nursing Facilities* (May 30, 2018).

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To help inform today's discussion, my testimony will focus on the findings from our October 2015 report examining CMS's oversight of nursing home quality.<sup>9</sup> In particular, this statement will address:

1. trends in nursing home quality through 2014, and
2. changes CMS had made to its oversight activities as of October 2015.

In addition, I will highlight key actions that we recommended HHS take, including HHS's response and the current status of those recommendations.

While my comments today focus on the findings of our October 2015 report, they are also informed by our large body of work examining nursing home quality. (See Appendix I for a list of related GAO reports.)

In our October 2015 report, we analyzed four key sets of quality data from CMS using the most recent data available at that time. We also reviewed relevant oversight and data documents and interviewed officials from CMS central office, CMS regional offices, and state survey agencies for a selected group of states. The 2015 report includes a full description of our scope and methodology. We also obtained information from CMS on the status of our 2015 recommendations, as of 2018. We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

Oversight of nursing homes is a shared federal-state responsibility, with CMS central and regional offices overseeing activities completed by state survey agencies. Specifically, CMS central office (1) oversees the federal quality standards nursing homes must meet to participate in the Medicare and Medicaid programs and (2) establishes the responsibilities of CMS's regional offices and state survey agencies to ensure federal quality standards for nursing homes are met. CMS regional offices oversee state activities and report results back to CMS central office. Specifically,

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<sup>9</sup>See GAO, *Nursing Home Quality: CMS Should Continue to Improve Data And Oversight*, [GAO-16-33](#) (Washington, D.C.: Oct. 30, 2015).

regional offices are required to conduct annual federal monitoring surveys to assess the adequacy of surveys conducted by state survey agencies. CMS regional offices also evaluate state surveyors' performance on factors such as the frequency and quality of state surveys. Finally, in each state, under agreement with CMS, a state survey agency assesses whether nursing homes meet CMS's standards by conducting regular surveys and investigations of complaints regarding resident care or safety, as needed.

CMS collects data on nursing home quality through annual standard surveys and complaint investigations, as well as other sources, such as staffing data and clinical quality measures.

- **Standard surveys.** By law, every nursing home receiving Medicare or Medicaid payment must undergo a standard survey during which teams of state surveyors conduct a comprehensive on-site evaluation of compliance with federal quality standards.<sup>10</sup> Nursing homes with consistently poor performance can be selected for the Special Focus Facility (SFF) program, which requires more intensive oversight, including more frequent surveys.<sup>11</sup>
- **Complaint investigations.** Nursing homes also are surveyed on an as-needed basis with investigations of consumer complaints. These complaints can be filed with state survey agencies by residents, families, ombudsmen, or others acting on a resident's behalf. During an investigation, state surveyors evaluate the nursing home's compliance with a specific federal quality standard.
- **Staffing data.** Nurse staffing levels are considered a key component of nursing home quality and are often measured in total nurse hours

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<sup>10</sup>For most deficiencies identified during surveys, a home is required to prepare a plan of correction, and, depending on the severity of the deficiency, surveyors may conduct a revisit to ensure that the nursing home has implemented its plan and corrected the deficiency. The scope and severity of a deficiency determine the enforcement actions—such as requiring training for staff, imposing monetary penalties, or termination from the Medicare and Medicaid programs.

<sup>11</sup>According to CMS guidance, SFF nursing homes that fail to significantly improve after three standard surveys, or about 18 months, may be involuntarily terminated from Medicare and Medicaid. The SFF program is statutorily required, and CMS is mandated to conduct its SFF program for homes that have “substantially failed” to meet applicable requirements of the Social Security Act. For more information on the SFF program, see GAO, *Poorly Performing Nursing Homes: Special Focus Facilities Are Often Improving, but CMS's Program Could Be Strengthened*, [GAO-10-197](#) (Washington, D.C.: Mar. 19, 2010).

per resident day. Higher nurse staffing levels are typically linked with higher quality nursing home care.

- **Clinical quality measures.** Nursing homes are required to provide data on certain clinical quality measures—such as the incidence of pressure ulcers—for all residents to CMS. CMS currently tracks data for 18 clinical quality measures.

CMS publicly reports a summary of each nursing home’s quality data on its Nursing Home Compare website using a five-star quality rating.<sup>12</sup> The Five-Star Quality Rating System assigns each nursing home an overall rating and three component ratings—surveys (standard and complaint), staffing, and quality measures—based on the extent to which the nursing home meets CMS’s quality standards and other measures. In a 2016 report, we found that CMS did not have a systematic process for prioritizing recommended changes to improve its Nursing Home Compare website and that several factors limited the ability of CMS’s Five-Star Quality Rating System to help consumers understand nursing home quality and choose a home. We recommended that CMS establish a process to evaluate and prioritize website improvements and add explanatory information about the Five-Star System to Nursing Home Compare. HHS agreed and in 2018 completed actions on these recommendations, but has not yet acted on the other recommendations, including providing national comparison information that we maintain are important to help enable consumers to understand nursing home quality and make distinctions between nursing homes.

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<sup>12</sup>See GAO, *Nursing Homes: Consumers Could Benefit from Improvements to the Nursing Home Compare Website and Five-Star Quality Rating System*, [GAO-17-61](#) (Washington, D.C.: Nov. 18, 2016) and *Health Care Transparency: Actions Needed to Improve Cost and Quality Information for Consumers*, [GAO-15-11](#) (Washington, D.C.: Oct. 20, 2014).

## Nursing Home Quality Data Show Mixed Results, Although Data Issues Complicate Ability to Assess Quality Trends

In our October 2015 report examining trend data that give insight into nursing home quality, we found that four key data sets showed mixed results, and data issues complicated the ability to assess quality trends.

### Data on Nursing Home Quality Showed Mixed Results

Nationally, one of the four data sets—consumer complaints—suggested consumers’ concerns over nursing home quality increased from 2005 to 2014. However, the other three data sets—deficiencies, staffing levels, and clinical quality measures—indicated potential improvement in nursing home quality (see Table 1). Specifically, we found consumer complaints—which can originate from residents, families, ombudsmen, or others acting on a resident’s behalf—had a 21 percent increase from 2005 to 2014. In contrast, nurse staffing levels increased 9 percent from 2009 to 2014 and selected quality measure scores showed decreases in the number of reported quality problems, such as falls resulting in major injury from 2011 to 2014.

**Table 1: Overview of Trends in Key Nursing Home Quality Data**

Quality data	Description	Time period	Change <sup>a</sup>
Consumer complaints	Average number of consumer complaints reported per nursing home	2005-2014	Increase in complaints (21%)
Deficiencies cited on standard surveys	Average number of serious deficiencies—deficiencies that, at a minimum, caused harm to the resident cited per nursing home surveyed	2005-2014	Decrease in serious deficiencies (41%)
Nurse staffing	Average total nurse hours per resident day <sup>b</sup>	2009-2014	Increase in nurse hours (9%)
Selected quality measures	Nursing homes’ scores on 8 of CMS’s clinical nursing home quality measures <sup>c</sup>	2011-2014	Decrease in quality problems (varied by measure)

Source: GAO analysis of Centers for Medicare & Medicaid Services (CMS) data. | GAO-18-694T

<sup>a</sup>Specifically, from 2005 through 2014, the average number of consumer complaints reported per nursing home increased nationally from 3.2 to 3.9. From 2005 through 2014, the number of serious deficiencies cited per nursing home surveyed decreased nationally from 0.35 to 0.21. From 2009 through 2014, the average total nurse hours per resident per day increased nationally from 4.2 to 4.6. From 2011 through 2014, nationwide nursing homes’ scores on all 8 of our selected quality measures improved, at least somewhat, but the rate of decline varied greatly by quality measure. For example, the percentage of long-stay residents with too much weight loss decreased 1.3 percent over the 4-year period, while the percentage of short-stay residents with new or worsening pressure ulcers decreased 52.2 percent.



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<sup>b</sup>The average total nurse hours per resident per day is a measure of registered nurse, licensed practical nurse, and nurse assistant hours. At the time of our 2015 report this measure was based on the number of hours worked that nursing homes self-reported; as of July 2016, these measures were based on payroll and other verifiable data submitted to CMS by the homes.

<sup>c</sup>The selected quality measures include the percentage of long-stay residents who report moderate to severe pain; the percentage of long-stay, high-risk residents with pressure ulcers; the percentage of long-stay residents who lose too much weight; the percentage of long-stay residents who were physically restrained; the percentage of long-stay residents experiencing one or more falls with major injury; the percentage of long-stay residents who received antipsychotic medication; the percentage of short-stay residents who report moderate to severe pain; and the percentage of short-stay residents with pressure ulcers that are new or worsening.

In addition, we identified 416 homes in 36 states that had consistently poor performance across the four data sets we examined. Of the 416 homes, 71 (17 percent) were included in the Special Focus Facility (SFF) program at some point between 2005 and 2014.

## Data Issues Complicated CMS's Ability to Assess Quality Trends

In our October 2015 report, we found CMS's ability to use available data to assess nursing home quality trends was complicated by various issues with these data, which made it difficult to determine whether observed trends reflect actual changes in quality, data issues, or both. CMS has taken some actions to address these data complications, however, more work is needed.

**Consumer complaints:** The average number of consumer complaints reported per nursing home increased in the 10 years of data we examined, although it is unclear to what extent this can be attributed to a change in quality or to state variation in the recording of complaints. Some state survey agency officials explained that changes in how they recorded complaints into CMS's complaint tracking system could in part account for the jump in reported complaints. In addition, officials at one state survey agency explained the increase in complaints could also reflect state-level efforts to provide consumers with more user-friendly options for filing complaints. Similarly, in April 2011, we found differences in how states record and track complaints.<sup>13</sup>

**Deficiencies cited on standard surveys:** The decline in the number of serious deficiencies—deficiencies that at a minimum caused a harm to the resident—in the data we examined may have indicated an

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<sup>13</sup>See GAO, *Nursing Homes: More Reliable Data and Consistent Guidance Would Improve CMS Oversight of State Complaint Investigations*, [GAO-11-280](#) (Washington, D.C.: Apr. 7, 2011).

improvement in quality, although it may also be attributed to inconsistencies in measurement. For example, the use of multiple survey types, such as both traditional paper-based surveys and electronic surveys, to conduct the standard survey that every nursing home receiving Medicare or Medicaid payment must undergo complicates the ability to compare the results of these surveys nationally.<sup>14</sup> In our October 2015 report, we recommended CMS implement the same survey methodology across all states; HHS agreed with this recommendation and in November 2017 completed its national implementation of this electronic survey methodology.<sup>15</sup>

**Nurse staffing:** CMS data showed the average total nurse hours per resident day increased from 2009 through 2014, although CMS did not have assurance these data were accurate. Many of the regional office and state survey agency officials we spoke with expressed concern over the self-reported nature of these data, noting that it may be easy to misrepresent nurse staff hours. At the time of our 2015 report, CMS was in the process of implementing a system to collect staffing information based on payroll and other verifiable data and has now completed that implementation, as required by law. We recommended in 2015 that CMS establish and implement a clear plan for ongoing auditing of its staffing data and other quality data. HHS agreed with this recommendation and in July 2018 CMS provided us with documentation that it was conducting regular audits of this new nurse staffing data. According to CMS, facilities experienced challenges submitting complete and accurate data in the early stages, however, as of April 2018 the agency has begun relying on the payroll data to calculate the staffing measures that it posts in Nursing Home Compare and uses in the Five-Star Quality Rating System.<sup>16</sup>

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<sup>14</sup>Some regional offices and state survey agencies we spoke to for the October 2015 report noted electronic surveys result in fewer deficiencies cited, especially for more serious deficiencies and deficiencies related to quality of care. Thus, the decreasing trend of serious deficiencies could be the result of an expanding use of electronic surveys, rather than an improvement in the quality of nursing homes.

<sup>15</sup>CMS, letter to State Survey Agency Directors, *Revision to State Operations Manual (SOM) Appendix PP for Phase 2, F-Tag Revisions, and Related Issues*, S&C: 17-36-NH (June 30, 2017).

<sup>16</sup>See CMS, letter to State Survey Agency Directors, *Transition to Payroll-Based Journal (PBJ) Staffing Measures on the Nursing Home Compare Tool on Medicare.gov and the Five Star Quality Rating System* (April 6, 2018, QSO-18-17-NH).

**Selected quality measures:** Nursing homes generally improved their performance on the eight selected quality measures we reviewed, although it is unclear to what extent this can be attributed to a change in quality or possible inaccuracies in self-reported data. Like the nurse staffing data used by CMS, data on nursing homes' performance on these measures were self-reported, and until 2014 CMS conducted little to no auditing of these data to ensure their accuracy. In our 2015 report, we found CMS had begun taking steps to help mitigate the problem with self-reported data by starting to audit the data in 2015; however, the agency did not have clear plans to continue the audits beyond 2016. As such, in our recommendation we indicated the need for ongoing auditing of data used to calculate clinical quality measures. As of August 2018, CMS has not provided us a plan for ongoing auditing of its clinical quality measures and we continue to believe that CMS should establish and carry out such a plan.

Collectively, these data issues have broader implications related to nursing home quality trends, including potential effects on the quality benchmarks CMS sets and consumers' decisions about which nursing home to select.<sup>17</sup> Furthermore, data used by CMS to assess quality measures are also used when determining Medicare payments to nursing homes, so data issues—and CMS's internal controls related to the data—could affect the accuracy of payments. Moreover, the use of quality data for payment purposes will expand in fiscal year 2019 when a nursing home value-based purchasing program will be implemented, which will increase or reduce Medicare payments to nursing homes based on certain quality measures.

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<sup>17</sup>In our 2016 report on CMS's Nursing Home Compare and Five-Star Quality Rating System, we reviewed the extent to which the rating system—which is based on these data sets—enables consumers to understand nursing home quality and make distinctions between homes. See [GAO-17-61](#).

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## CMS Had Modified Oversight Activities by 2015, But Had Not Monitored Potential Effect on Nursing Home Quality Oversight

Our 2015 report found that CMS had made numerous modifications to its nursing home oversight activities in recent years, but had not monitored the potential effect of these modifications on nursing home quality oversight. Some of these modifications expanded or added new oversight activities—for example, CMS expanded the number of tools available to state surveyors when investigating medication-related adverse events, increased the amount of nursing home quality data available to the public, and created new trainings for surveyors on unnecessary medication usage.<sup>18</sup> However, other modifications reduced existing oversight activities.

In 2015, we highlighted modifications that reduced two existing oversight activities—the federal monitoring survey program and the SFF program.

- **Federal monitoring surveys:** CMS reduced the scope of the federal monitoring surveys regional offices use to evaluate state surveyors' skills in assessing nursing home quality. CMS requires regional offices to complete federal monitoring surveys in at least 5 percent of nursing homes surveyed by the state each year. Starting in 2013, CMS required fewer federal monitoring surveys to be standard surveys and allowed more monitoring surveys to be the narrower scoped and less-resource intensive revisits and complaint investigations.<sup>19</sup>
- **Special Focus Facilities:** CMS reduced the number of nursing homes participating in the SFF program.<sup>20</sup> In 2013, CMS began to reduce the number of homes in the program by instructing states to terminate homes that had been in the program for 18 months without

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<sup>18</sup>See [GAO-16-33](#) for additional information on oversight modifications made.

<sup>19</sup>Before 2013, CMS required 80 percent of these federal monitoring surveys be standard surveys—the most comprehensive type—which cover a broad range of quality issues within a nursing home. The remaining 20 percent of surveys were permitted to be either revisit or complaint surveys, which are more narrow in scope and are also less-resource intensive.

<sup>20</sup>Nursing homes placed in the SFF program receive additional oversight because of the homes' history of poor performance. If homes do not improve the quality of their care, CMS can terminate their participation in Medicare and Medicaid.

improvement from participating in Medicare and Medicaid. As we have previously reported, between 2013 and 2014, the number of nursing homes in the SFF program dropped by more than half—from 152 to 62. In 2014, CMS began the process of re-building the number of facilities in the SFF program; however, according to CMS officials, the process would be slow, and as of August 2018 there were 85 SFFs.

In 2015, CMS said some of the reductions to oversight activities were in response to an increase in oversight responsibilities and limited number of staff and financial resources. Specifically, CMS officials said increasing oversight responsibilities and a limited number of staff and financial resources at the central, regional, and state levels required the agency to evaluate its activities and reduce the scope of some activities. In the October 2015 report, we recommended CMS monitor oversight modifications to better assess their effects; HHS agreed with the recommendation and told us they are beginning to take steps to address this issue. We maintain the importance of monitoring to help CMS better understand how its oversight modifications affect nursing home quality and to improve its oversight given limited resources.<sup>21</sup>

Chairman Harper, Ranking Member DeGette, and Members of the Subcommittee, this concludes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

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## GAO Contact and Staff Acknowledgments

For further information about this statement, please contact John E. Dicken at (202) 512-7114 or [dickenj@gao.gov](mailto:dickenj@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this testimony. In addition to the contact named above, key contributors to this statement were Karin Wallestad (Assistant Director), Sam Amrhein, Summar Corley, Pam Dooley, Will Simerl, and Jennifer Whitworth.

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<sup>21</sup>Under federal internal control standards, ongoing monitoring should occur in the course of normal program operations. See GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: Nov. 1999).

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## Appendix I: Related GAO Reports

*Nursing Homes: Consumers Could Benefit from Improvements to the Nursing Home Compare Website and Five-Star Quality Rating System.* [GAO-17-61](#). Washington, D.C.: November 18, 2016.

*Skilled Nursing Facilities: CMS Should Improve Accessibility and Reliability of Expenditure Data.* [GAO-16-700](#). Washington, D.C.: September 7, 2016.

*Nursing Home Quality: CMS Should Continue to Improve Data and Oversight.* [GAO-16-33](#). Washington, D.C.: October 30, 2015.

*Health Care Transparency: Actions Needed to Improve Cost and Quality Information for Consumers.* [GAO-15-11](#). Washington, D.C.: October 20, 2014.

*Nursing Homes: More Reliable Data and Consistent Guidance Would Improve CMS Oversight of State Complaint Investigations.* [GAO-11-280](#). Washington, D.C.: April 7, 2011.

*Nursing Homes: Complexity of Private Investment Purchases Demonstrates Need for CMS to Improve the Usability and Completeness of Ownership Data.* [GAO-10-710](#). Washington, D.C.: September 30, 2010.

*Poorly Performing Nursing Homes: Special Focus Facilities Are Often Improving, but CMS's Program Could Be Strengthened.* [GAO-10-197](#). Washington, D.C.: March 19, 2010.

*Nursing Homes: Addressing the Factors Underlying Understatement of Serious Care Problems Requires Sustained CMS and State Commitment.* [GAO-10-70](#). Washington, D.C.: November 24, 2009.

*Nursing Homes: Opportunities Exist to Facilitate the Use of the Temporary Management Sanction.* [GAO-10-37R](#). Washington, D.C.: November 20, 2009.

*Nursing Homes: CMS's Special Focus Facility Methodology Should Better Target the Most Poorly Performing Homes, Which Tended to Be Chain Affiliated and For-Profit.* [GAO-09-689](#). Washington, D.C.: August 28, 2009.

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*Medicare and Medicaid Participating Facilities: CMS Needs to Reexamine Its Approach for Funding State Oversight of Health Care Facilities.* [GAO-09-64](#). Washington, D.C.: February 13, 2009.

*Nursing Homes: Federal Monitoring Surveys Demonstrate Continued Understatement of Serious Care Problems and CMS Oversight Weaknesses.* [GAO-08-517](#). Washington, D.C.: May 9, 2008.

*Nursing Homes: Efforts to Strengthen Federal Enforcement Have Not Deterred Some Homes from Repeatedly Harming Residents.* [GAO-07-241](#). Washington, D.C.: March 26, 2007.

*Nursing Homes: Complaint Investigation Processes Often Inadequate to Protect Residents.* [GAO/HEHS-99-80](#). Washington, D.C.: March 22, 1999.

*California Nursing Homes: Care Problems Persist Despite Federal and State Oversight.* [GAO/HEHS-98-202](#). Washington, D.C.: July 27, 1998.

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