

**Supplemental Report to the Healthcare Impact Statement  
Regarding the Proposed Sale of Four Retirement Housing Foundation Senior Care  
Communities in California to Pacifica Companies, LLC**

**David Farrell**

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**Background**

This supplemental report is being submitted to the California Office of the Attorney General in response to the letter from Hanson Bridgett, LLP, dated April 14, 2023, requesting that the California Office of the Attorney General amend the conditions of sale dated January 23, 2023, of four senior care communities by Retirement Housing Foundation (RHF), to Pacifica Companies LLC (Pacifica), a California limited liability company. Per the letter from Hanson Bridgett, LLP, the requested amendment would replace the operator of the SNF at Bixby Knolls Towers in Long Beach, CA.

The Healthcare Impact Statement of this transaction evaluated the relevant factors related to the proposed sale including the performance history of the four RHF senior care communities and Pacifica's senior care communities and related entities, including the proposed managers and operators of the licensed skilled nursing facilities (SNFs) and the residential care facilities for the elderly (RCFEs) being considered in this transaction.<sup>1</sup> The Healthcare Impact Statement reviewed the performance history of Buena Vista Healthcare, originally proposed as the operator of the SNF at Bixby Knolls Towers. Based on that review, I recommended bi-annual (every 6 months) quality reporting for three years and the potential of appointing a monitor at the California Office of the Attorney General's discretion.

Aspen Skilled Healthcare, Inc., is the proposed new operator of the SNF at Bixby Knolls Towers. This supplemental report provides a review of the regulatory performance of two Pacifica-affiliated SNFs currently operated by Aspen Skilled Healthcare, Inc., and a recommendation to the California Office of the Attorney General regarding removing or retaining Condition XIII requiring the reporting on safety at Bixby Knolls Towers SNF every six months for the next three years and the associated compliance monitoring in Condition XIV.

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<sup>1</sup> <https://oag.ca.gov/system/files/media/rhf-healthcare-impact-report-112022.pdf>.

## Aspen Skilled Healthcare, Inc.

### Care Compare Five Star Ratings

The Centers for Medicare & Medicaid Services (CMS) rating system features an overall five-star rating based on SNF performance for three types of performance domains, each of which has its own associated five-star rating.

The Care Compare performance domains are:

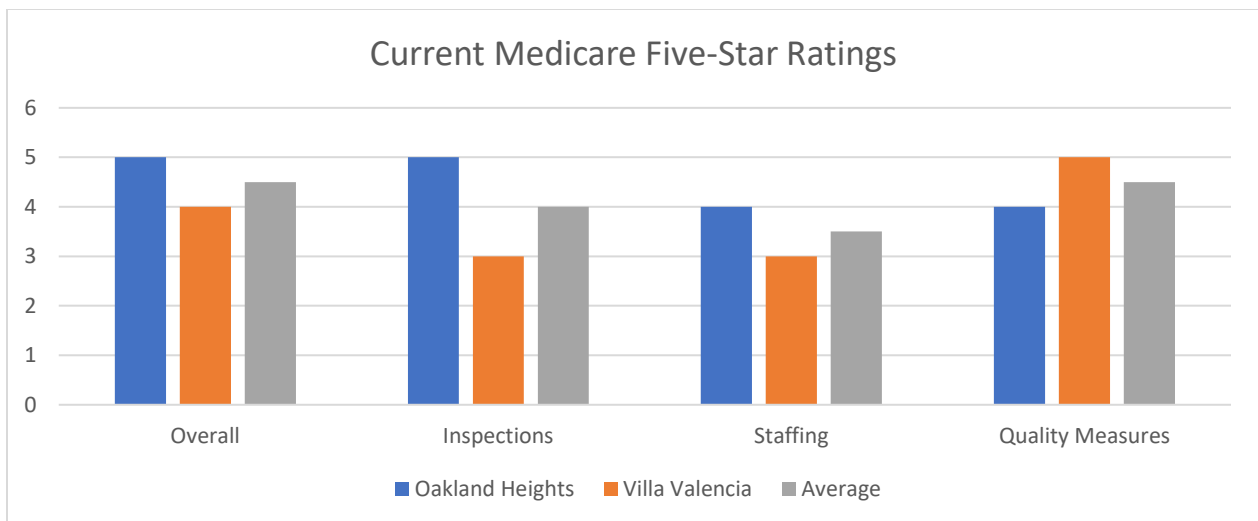
- Health Inspections - measures based on outcomes from inspections.
- Staffing - measures based on nursing home staffing levels and staff stability.
- Quality Measures - measures based on clinical outcomes of care.

The current Care Compare star ratings of the two Pacifica-affiliated and Aspen operated SNFs reflect above-average overall performance compared to other SNFs in California. The two SNFs' average star rating is 4.5 stars out of 5 stars. See table 1 and figure 1 below.

Table 1. Aspen Skilled Healthcare SNFs CMS Star Ratings as of May 2, 2023.<sup>2</sup>

| Current Five Star Ratings    | Oakland Heights | Villa Valencia | Aspen Average |
|------------------------------|-----------------|----------------|---------------|
| Overall Star Rating          | 5               | 4              | 4.5           |
| Regulatory Star Rating       | 5               | 3              | 4.0           |
| Quality Measures Star Rating | 4               | 3              | 3.5           |
| Staffing Star Rating         | 4               | 5              | 4.5           |

Figure 1. Aspen Skilled Healthcare CMS Star Ratings as of May 2, 2023.



<sup>2</sup> <https://www.medicare.gov/care-compare/> (accessed May 2, 2023.)

The two Pacifica-affiliated and Aspen operated SNFs have gone over 4 years without a serious federal deficiency. See table 2 below.

Table 2. Aspen Skilled Healthcare SNFs’ Number of Immediate Jeopardy and Actual Harm Deficiencies from 2019 – April 2023.<sup>3</sup>

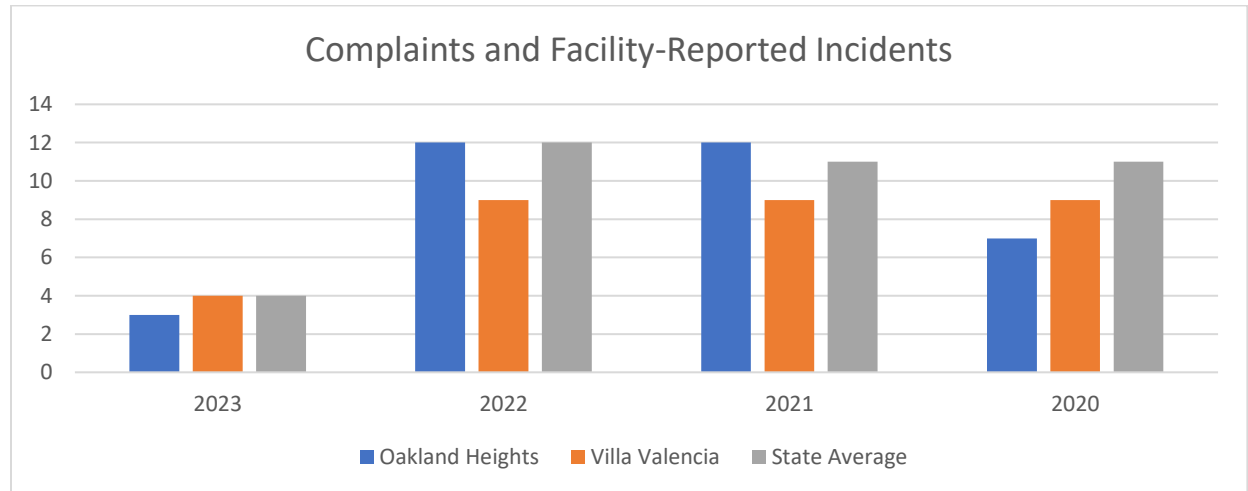
| <b>IJ and Actual Harm Deficiencies</b> | <b>Oakland Heights</b> | <b>Villa Valencia</b> |
|--|------------------------|-----------------------|
| 2019                                   | 0                      | 0                     |
| 2020                                   | 0                      | 0                     |
| 2021                                   | 0                      | 0                     |
| 2022                                   | 0                      | 0                     |
| 2023                                   | 0                      | 0                     |

**Complaints and Facility Reported Incidents (FRIs)**

The number of complaints and FRIs received and investigated by CDPH is an important indicator of quality of care and of quality of life in SNFs. CDPH inspections triggered by complaints and FRIs can, and do, result in deficiencies. A complaint is a report received by CDPH from anyone concerned about the health and welfare of the residents and the staff. An FRI is any report made to CDPH by any representative of the health care facility.

Over the past four years, the Pacifica-affiliated and Aspen operated SNFs have performed slightly better than other SNFs in California when examining their numbers of complaints and FRIs. See figure 2 below.

Figure 3. Aspen Skilled Healthcare SNFs complaints and FRIs.<sup>4</sup>



<sup>3</sup> CDPH data for each facility can be found at <https://www.cdph.ca.gov/programs/chcq/lcp/calhealthfind/Pages/Home.aspx>. (Accessed May 2, 2023.).

<sup>4</sup> *Ibid.*, (Accessed May 2, 2023).

## Recommendation

The Pacifica skilled nursing facilities currently operated by Aspen Skilled Healthcare, Inc. are performing above average across several key performance measures. The current CMS Care Compare star ratings reflect above-average overall performance compared to other SNFs in California and nationwide with an average star rating of 4.5 stars out of 5 stars. In addition, they have not received a serious federal deficiency in over 4 years.

Mr. Christopher Cherney, of Skilled Review Consulting, LLC, prepared a Healthcare Impact Statement for the CA Office of Attorney General on August 2, 2022, on the proposed purchase of California-Nevada Methodist Homes by Pacifica Companies, LLC. Within his report, he stated that his Healthcare Impact Statement that, “(t)he strong regulatory performance of the Pacifica skilled nursing facilities currently operated by Aspen Skilled Healthcare, Inc. drove the recommendations to require no monitoring of the Lake Park SNF, which will be operated by Aspen.”<sup>5</sup>

My review confirms that Pacifica-affiliated and Aspen operated SNFs have sustained their strong regulatory performance since Mr. Cherney’s analysis in June of 2022. Therefore, based on the current strong performance of the new Bixby Knolls Towers SNF operator, Aspen Skilled Healthcare, Inc., I recommend that the California Office of the Attorney General amend Condition XIII of the Conditions of Sale dated January 23, 2023, and remove the requirement of the reporting on safety at the Bixby Knolls Towers SNF every 6 months for the next 3 years and the associated compliance monitoring in Condition XIV.

Respectfully Submitted May 5, 2023:

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<sup>5</sup> Healthcare Impact Statement Regarding the Proposed Purchase of California-Nevada Methodist Homes by Pacifica Companies, LLC, prepared by Christopher Cherney for the Office of the Attorney General, California Department of Justice. August 2, 2022, page 31, <https://oag.ca.gov/system/files/media/cnmh-impact-report.pdf> (accessed May 2, 2023.).