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# Nursing Homes and the Corporate Transparency Act (CTA)

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## BACKGROUND:

- The Corporate Transparency Act (CTA) of 2021 requires businesses to disclose their beneficial owners to combat financial crimes and improve transparency.
- Nursing homes, often privately owned with public funding (Medicaid/Medicare), raise concerns over misused funds meant for patient care.
- A 2021 New York law mandates 70% of nursing home revenue be spent on patient care, with operators challenging it, citing constitutional rights and broader issues like neglect and abuse.
- Many operators are connected to nursing home magnates whose facilities have been criticized for poor staffing and substandard care.
- The CTA could increase transparency, helping regulators reduce financial mismanagement and ensure funds are used to improve care and address neglect.
- Limited evidence exists regarding the CTA's impact on retirement homes due to its recent implementation.
- This study aims to examine the CTA by comparing it with N.Y. Public Health Law § 2895-b(3)(a), effective January 1, 2022, to assess potential impacts on nursing homes.

Term/Abbreviation	Definition in the Context of the CTA
<b>FinCen</b>	The Financial Crimes Enforcement Network (FinCEN) is a U.S. government agency under the Department of the Treasury, focused on preventing and investigating financial crimes such as money laundering and terrorism financing.
<b>Beneficial Owner</b>	Any individual who, directly or indirectly, satisfies at least one of two conditions: (1) having significant control over the reporting company, or (2) owning or controlling at least 25% of the company's ownership interest.
<b>BOI Reporting</b>	The process of submitting a report to the U.S. government that identifies the individuals who own or control a business. The CTA requires this for certain entities, like corporations and limited liability companies, to help prevent money laundering.
<b>Private Equity</b>	Investment funds that purchase businesses, such as nursing homes, to boost profits, often by implementing cost-cutting measures or restructuring.

The table above defines FinCen, Beneficial Owner, BOI Reporting, and Private Equity-- commonly used terms and abbreviations associated with the Corporate Transparency Act.

## RESOURCES:

Scan the QR code to see a list of references that were used for this project:



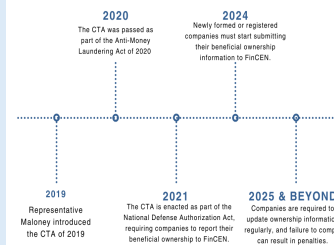
## METHODS:

- This study reviewed literature on the Corporate Transparency Act (CTA) and its potential impact on nursing home policies, comparing it with New York's Public Health Law § 2828.
- Predictions were made about the CTA's effect on elderly care. Information was gathered from databases like EBSCO AgeLine, JSTOR, and news articles.
- The literature was organized in an annotated bibliography and used to create a timeline of the CTA's evolution, along with a Venn diagram comparing the CTA and the New York law.

## FINDINGS:

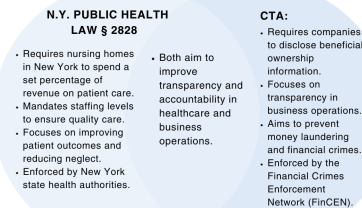
- While research is still ongoing and no definitive solutions have yet been identified, the literature suggests that enforcing stricter transparency measures could help ensure that funds are directed towards enhancing staffing levels and improving care standards. These transparency measures would have a positive impact on vulnerable elderly populations. Preliminary findings underscore the importance of regulatory frameworks, such as the 2021 New York Public Health Law § 2828 which served as nursing home reform law-- promoting accountability and safeguarding the rights of the elderly.
- This law mandates that nursing homes allocate 70% of their revenue to patient care, with a significant portion dedicated to staffing; however, 334 nursing home operators have filed a lawsuit challenging the law, arguing that it infringes on their constitutional rights by limiting profit allocation.

### Corporate Transparency Act (CTA)



This timeline depicts the legislative history of the Corporate Transparency Act. It begins in 2019 when Representative Maloney first introduced it and ends at 2025 and beyond, demonstrating the influence the passage of the Act will have on American companies.

### NEW YORK'S PUBLIC HEALTH LAW § 2828 & THE CORPORATE TRANSPARENCY ACT



The Venn Diagram above compares and contrasts New York Public Health Law § 2828 and the Corporate Transparency Act.

## DISCUSSION:

- As of February 2025, the Corporate Transparency Act (CTA) is in effect, requiring companies to disclose their ownership information to the Financial Crimes Enforcement Network (FinCEN). This law aims to improve transparency and stop illegal financial activities by addressing concerns about hidden ownership structures that can lead to money laundering and fraud.
- The CTA represents a big shift toward greater corporate responsibility, especially in industries that have been known for unclear financial practices, like healthcare.
- The legal conflict between nursing home operators and new regulations, specifically the complaint filed by 334 nursing home operators in response to New York Public Health Law § 2828, shows the tension between healthcare advocates pushing for better care for the elderly and the profit-driven interests of the industry.
- Healthcare advocates want stricter rules to improve care for patients, while some in the industry focus on making money, sometimes at the cost of patient well-being.
- Previously, President Trump's administration expressed concerns about the burden the CTA could place on businesses, including the healthcare industry, which is already dealing with strict rules.
- While the Trump administration didn't try to get rid of the CTA, it was cautious about expanding regulations. The current administration has moved ahead with the CTA.



This photograph is of the capitol building in Washington D.C.

FACT Sheet: A Brief Summary of The Corporate Transparency Act (Title LXIV of the NDAA, H.R. 6395). (2020). FACTCOALITION. Retrieved February 25, 2025, from <https://thefactcoalition.org/fact-sheet-a-brief-summary-of-the-corporate-transparency-act-of-2019-title-lxiv-of-the-ndaa-h-r-6395/>.

## ACKNOWLEDGEMENTS:

I would like to express my sincere gratitude to Rima Nathan and the Claude Pepper Elder Law Clinic for their unwavering support throughout this research. A special thank you to the Center for Undergraduate Research and Engagement for their invaluable resources, and to the UROP program for providing me with the opportunity to contribute to this important work.