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# CMS Goes After Nursing Homes' Third-Party Pay Policies With Updated Guidance

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Cal Stein, a partner with Troutman Pepper Locke, was quoted in the January 28, 2025 *McKnight's Long-Term Care News* article, "[CMS Goes After Nursing Homes' Third-Party Pay Policies With Updated Guidance.](#)"

More restrictions on the ability of facilities to secure third-party guarantees to defray financial risk "creates a very tricky situation," Callan Stein, a partner with Troutman Pepper Locke, told *McKnight's Long-Term Care News* Monday.

"It is becoming harder and harder for facilities to mitigate the risk of resident payment shortfalls. As a result of this, we may come to see more frequent legal collection actions by nursing homes, for example, against the estate of a resident who passes away with a large outstanding balance owed," he added. "It would also not be surprising to see nursing homes more frequently writing off bad debt, as permitted, for tax benefits."

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The latest pressure from CMS is unlikely to help, Stein said.

"Often, when a resident builds up a large outstanding balance, the facility is faced with the Hobson's choice of either taking steps to try to help the resident transfer out of the facility or continuing to allow the resident to incur debt that may be unrecoverable, especially if the resident is in poor health or passes away suddenly," he said.

He recommended that nursing homes enhance their initial resident screening processes to evaluate the ability of patients to pay and to develop and uniformly implement robust revenue cycle procedures to stay on top of billing.

"It may also be that some facilities begin to take a more aggressive approach during resident onboarding, for example by requiring residents to pay a security deposit or commit other security interests to cover unpaid balances," Stein added. "This is not a trend we have seen utilized much to date, and facilities should very carefully consider such a requirement and discuss it with legal counsel before any implementation."

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