

BEFORE INCREASING NURSING HOME REIMBURSEMENT LET'S FOCUS ON SAFETY & ACCOUNTABILITY

Background. Nursing home industry representatives claim that low [Medicaid reimbursement](#) is the reason for the substandard care experienced by too many residents. Their solution is to give more taxpayer dollars to nursing homes. However, since there is little accountability for how public funds are used, how can we be sure that facilities will actually use additional public funds to improve resident care?

In fact, despite the billions of public dollars currently spent on nursing home care, far too many residents face preventable and treatable problems, including inappropriate antipsychotic drugging, unnecessary infections, and avoidable pressure ulcers. Without meaningful oversight of how public money is spent and proper enforcement of the federal requirements, simply increasing Medicaid reimbursements will not improve resident care.

Lack of Oversight of Public Payments for Care. Nursing homes face little oversight over how Medicare and Medicaid funds are used. Nursing homes too often routinely hide profit and depress their balance sheets through related party transactions, self-dealing, and complex corporate ownership. For example, [The New York Times](#) recently reported that nearly three-quarters of nursing homes outsource goods and services to companies they control or in which they have a financial interest. These nursing homes tend to “have fewer nurses and aides per patient, they have higher rates of patient injuries and unsafe practices, and they are the subject of complaints almost twice as often as independent homes.”

Lack of Enforcement of Standards of Care. In addition to the lack of oversight, the majority of health care violations in nursing homes are inaccurately described as having caused “[no harm](#)” to residents’ health, safety, or well-being. Too often, no-harm violations do not reflect the real pain, suffering, and humiliation that residents experience: maggot infestations, bruises, pressure sores, and sexual assaults, to name just a few. The failure to identify resident harm means that there is likely no accountability for these violations of residents’ rights because nursing homes rarely face financial penalties unless harm is identified. Sadly, this longstanding problem with enforcement is being compounded by the Trump Administration’s efforts to [roll back](#) nursing home requirements and weaken the imposition of [civil money penalties](#), even when egregious conduct is uncovered.

Our Solution. Before considering giving nursing homes more taxpayer dollars, let’s first improve oversight of how nursing homes use funds currently allocated for resident care and increase enforcement of the nursing home standards of care. Residents and taxpayers deserve to know where their money is going and that public funds are appropriately directed. Nursing homes must not be given additional funds until their corporate consolidated financial statements are made public and audited. If results show money is being directed away from resident care, one solution is placing a [non-care cap](#) on how much money nursing homes can direct to administrative costs and profit. Placing a cap on administrative costs and profit means that more public money will be freed to go where it should: direct resident care. Then, and only then, can we determine whether Medicaid reimbursements should be increased.

To learn more about the current state of nursing home care, please see
[Nursing Home Residents at Risk: A Briefing for Members of Congress](#)